



City of Los Angeles, California

# Comprehensive Annual Financial Report

Fiscal Year ended June 30, 2017



**RON GALPERIN**  
LA CONTROLLER

# City of Los Angeles California



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by the Office of the Controller  
Ron Galperin, City Controller

# CITY OF LOS ANGELES CALIFORNIA

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

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Prepared by the Office of Los Angeles City Controller Ron Galperin



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CITY OF LOS ANGELES  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2017

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# INTRODUCTORY SECTION

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RON GALPERIN  
CONTROLLER

January 31, 2018

Honorable Eric Garcetti, Mayor  
Honorable Members of the Council of the City of Los Angeles  
Citizens and Stakeholders of the City of Los Angeles

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Los Angeles (the City) for the fiscal year, which ended on June 30, 2017, in accordance with Section 216 of the City Charter. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by Macias Gini & O'Connell LLP, a firm of independent licensed certified public accountants. In accordance with the requirement of Office of Management and Budget Circular A-133, the independent auditor is also in the process of completing an annual financial and compliance audit of federal funds received by the City in fiscal year 2017.

The independent auditor expressed an opinion that the City's financial statements for fiscal year 2017 are fairly stated in conformity with GAAP. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is presented on pages 1 through 3.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate financial information is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements. I believe that the data presented is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A is designed to complement the basic financial statements and should be read in conjunction with the financial statements and the notes to the financial statements. The MD&A can be found immediately following the report of the independent auditor.

Honorable Eric Garcetti, Mayor  
Honorable Members of the Los Angeles City Council  
Citizens and Stakeholders of the City of Los Angeles

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, as well as satisfying GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe our current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA to determine its eligibility for another certificate.

The professionalism, dedication, and efficiency of the entire staff of the Financial Analysis and Reporting Division of the Controller's Office made the preparation of this report possible. I would like to express my appreciation to other staff of the Office for their assistance and contribution. Credit also must be given to other professional contributors citywide.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ron Galperin". The signature is fluid and cursive, with a long horizontal stroke at the end.

RON GALPERIN  
Los Angeles City Controller

# LETTER OF TRANSMITTAL

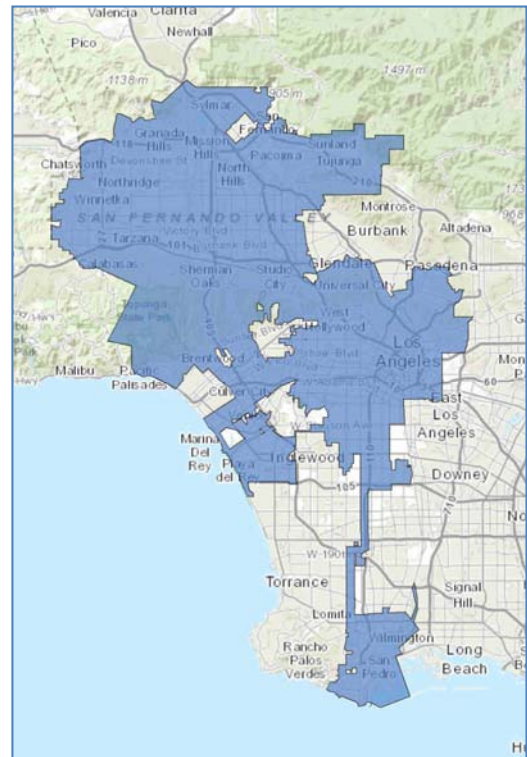
The Comprehensive Annual Financial Report (CAFR) is published annually by the City Controller (Controller) on the City of Los Angeles' (City) financial condition and results of operations at the conclusion of the fiscal year. The CAFR is issued as part of the Controller's City Charter mandate to monitor and report on all matters relating to the City's fiscal health, keep the City's official financial records, and supervise expenditures of the City.

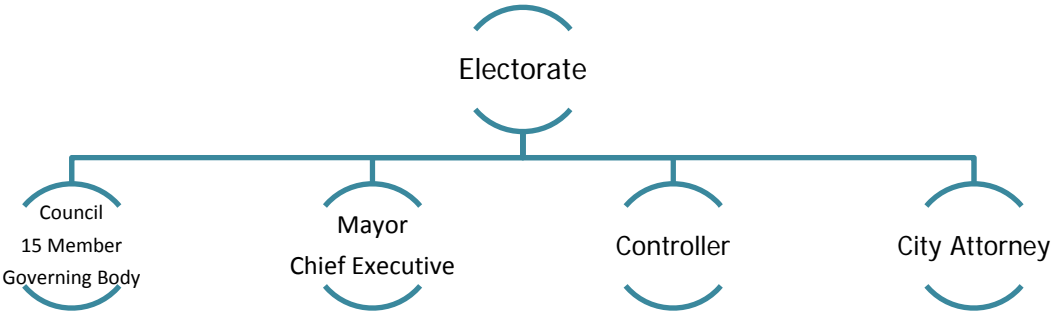
The Letter of Transmittal complements the CAFR as it provides context for the City's financial statements in presenting basic information on the profile of the government, local economy, financial management policies, and major initiatives of the City government.

## I. Profile of the Government

The City of Los Angeles is the second most populous city in the nation with an estimated January 1, 2017 population of 4,041,707. It is home to 39% of the population of the County of Los Angeles (County) and 11.5% of the area of the County. With an area of 470 square miles, Los Angeles is located in the southern part of the State of California and is the principal city of a metropolitan region that stretches from the City of Ventura to the north, to the City of San Clemente to the south, and to the City of San Bernardino to the east. Founded in 1781, Los Angeles was for its first century a provincial outpost under a succession of Spanish, Mexican, and American rule. The City was incorporated in 1850 under the provisions of a city charter. The current Charter was approved by the electorate on June 8, 1999 and became operative on July 1, 2000.

The City operates under a mayor-council form of government. As Executive Officer, the Mayor supervises the administrative process of local government and works with the Council in matters relating to legislation, budget and finance. As governing body of the City, the 15-member full-time Council enacts ordinances, levies taxes, approves contracts, authorizes public improvements, adopts zoning and other land use controls, and provides necessary resources for the budgetary departments and offices of the City. Council action is subject to the approval or veto of the Mayor, and Council may override a Mayoral veto by a two-thirds vote. The Charter provides for independently elected City Attorney and City Controller.





The City has 36 departments, bureaus, commissions and offices for which operating funds are annually budgeted by the Council. In addition, three departments consisting of Department of Water and Power (DWP), Harbor Department, and Department of Airports are under the control of boards appointed by the Mayor and confirmed by Council. While the City appoints a voting majority of the governing board of the Housing Authority of Los Angeles (HACLA), it is excluded from the City’s financial statement due to its fiscal independence, and, the City cannot impose its will over its daily operations. Two departments, Los Angeles City Employees’ Retirement System and Fire and Police Pension System, are under the control of boards whose membership is comprised of Mayoral appointees and representatives elected by system members. The Water and Power Employees’ Retirement Plans, established by DWP, are under the control of a board whose membership is comprised of three ex officio members (one DWP Board member, DWP General Manager and Chief Accounting Employee), three elected by system members and one retiree appointed by the DWP Board. The City’s reporting entity also includes, as blended component units, the Los Angeles Convention and Exhibition Center Authority, Los Angeles Harbor Improvement Corporation, and Municipal Improvement Corporation of Los Angeles (MICLA).

Public services provided by the City include police; fire and paramedics; residential refuse collection and disposal; wastewater collection and treatment; street maintenance, traffic management, and other public works functions; enforcement of ordinances and statutes relating to building safety; public libraries; recreation and parks; economic and workforce development; community development; housing and aging services; community planning; two airports; harbor; power and water services; and, the convention center.

The annual budget serves as the foundation for the City’s financial planning and control. The City maintains budgetary controls to ensure compliance with legal provisions represented in the budget and that expenditures do not exceed appropriated amounts. Expenditures are controlled by appropriations at the line item level within each department, consistent with the level set forth in the resolution adopting the annual operating budget. The City also maintains an encumbrance accounting system that controls spending based on the expenditure budget; which is composed of appropriations, allotments, or a combination of both.



## II. Local Economy

The City and its surrounding metropolitan region have continued to experience growth in population and in economic diversity. Tourism and hospitality, professional and business services, direct international trade, entertainment including motion picture and television production, and wholesale trade and logistics all contribute significantly to local employment. Emerging industries are largely technology driven, and include biomedical, digital information technology, and environmental technology. Major components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal and food processing. Fueled by trade with Pacific Rim countries, the Port of Los Angeles handles the largest volume of containerized cargo of all U.S. ports and is ranked number one in container volume in U.S. waterborne foreign traffic. Los Angeles International Airports (LAX) is the fourth busiest airport in the world and second in the United States. LAX ranks 14<sup>th</sup> in the world and fifth in the nation in air cargo tonnage with over 2.2 million tons of air cargo valued at nearly \$101.4 billion.

Below is a historical comparison and forecast that reflects overall period to period improvement for the region. While total employment continues to improve, job additions are expected to slow as labor markets remain extremely tight. Employment in Los Angeles County industries grew in construction, reflecting the increased building of new housing and commercial units. The health care sector has been the largest contributor to employment. In 2018, the unemployment rate will dip by 0.10 percent and total nonfarm employment will increase by 1.1 percent according to Beacon Economics. With the economy back at full employment levels, personal income will rise by 4.0 percent over the next year and taxable sales will increase by 3.4 percent. Home values continued to climb but sales have slowed primarily due to tight housing supply. Single family construction is expected to grow 12.6 percent and multi-family housing is estimated to decline by 11.4 percent based on trends through the end of the year.

### Selected Economic Indicators Los Angeles County Forecast

<b>Indicator</b>	<b>2016</b>	<b>2017</b>	<b>2018 Forecast</b>
Unemployment Rate (seasonally adjusted)	5.2%	4.6%	4.5%
Nonfarm Employment (#of jobs)	4,393,016	4,446,006	4,492,973
Total Taxable Sales (\$ billions)	155.3	159.7	165.2
Single Family Housing Permits Issued (#)	4,663	5,528	6,223
Multi-Family Housing Permits Issued (#)	17,701	16,719	14,821
Per Capita Personal Income (\$)	55,127	56,498	58,778

*Source: Beacon Economics, December 2017*



### III. Financial Policies

As part of the City's efforts towards financial sustainability, the City has adopted "Financial Policies for the City of Los Angeles" promoting good fiscal stewardship across a number of critical areas. The City built its Reserve Fund and Budget Stabilization Fund from 3.4 percent of the Adopted General Fund receipts in 2009 to nearly 8 percent in 2017.

Following are summaries of select financial policies and charts that provide measures of the City's current year and next fiscal year compliance.

<u>Policy</u>	<u>2016-17</u>	<u>2017-18</u>
<b>Reserve Fund Policy</b>		
July 1st Percent of General Fund Receipts	5.99%	6.08%
<b>Budget Stabilization Fund Policy</b>		
Growth of seven major General Fund tax receipts	2.50%	5.50%
Amount of Revenue Growth above 3.4% (millions)	n/a	\$ 83.0
Amount of Deposit (millions)	\$ 1.0	\$ 0.4
<b>Capital Infrastructure Policy</b>		
One Percent of General Fund Receipts	1.60%	1.28%
<b>One-Time Revenue Policy</b>		
One-Time Revenue (millions)	\$ 124.8	\$ 65.0
One-Time Expenditures (millions)	\$ 132.2	\$ 108.0
<b>Debt Management Policy</b>		
Non-Voter	4.12%	4.29%
Total Approved	6.32%	6.25%

#### **Reserve Fund Policy**

The Reserve Fund Policy (Policy) provides guidelines to ensure sufficient reserves are maintained for revenue shortfalls or unanticipated expenditures. The Policy sets a goal for the Reserve Fund balance of five percent of General Fund revenues, with no less than 2.75 percent in the Emergency Reserve Account, and all additional funds allocated to the Contingency Reserve Account. In March 2011, voters approved Charter Amendment P, a measure that establishes the Reserve Fund's Emergency and Contingency Reserve as Charter accounts.

The year-start 2016-17 and 2017-18 adjusted Reserve Fund Balance was \$335.1 million and \$354.5 million, respectively, which exceeded the five percent Policy.

#### **Budget Stabilization Fund Policy**

The Budget Stabilization Fund (BSF), also established by Charter Amendment P, is designed to prevent overspending during prosperous years and provide resources to help maintain service



levels during years of slow revenue growth or declining revenue. The BSF Policy sets aside an appropriation when the combined revenue growth of seven General Fund tax revenues (property tax, utility users' tax, business tax, sales tax, transient occupancy tax, parking users' tax, and documentary tax) is anticipated to exceed 3.4 percent. Conversely, withdrawal from the BSF may be used to offset shortfalls due to revenues lower than the 3.4 percent growth.

The year-over-year projected growth of the seven major General Fund tax receipts in 2016-17 and 2017-18 was 2.5 percent and 5.5 percent, respectively. Of the \$83 million in 2017-18 revenue growth, \$75 million was used to fund capital infrastructure, \$8 million was set aside in the Unappropriated Balance and \$422,000 was transferred to the BSF.

### **Capital Assets and Infrastructure Funding Policy**

The Capital Assets and Infrastructure Funding (Capital Funding) Policy acknowledges the importance of maintaining the City's capital assets on an ongoing basis to avoid major deferred maintenance and to extend the useful life of those assets. The Capital Funding Policy requires that the City annually budget at least one percent of General Fund revenue to fund capital assets or infrastructure improvements. In 2016-17 and 2017-18, the City budgeted approximately \$89 million and \$75 million, respectively, for capital and infrastructure projects.

### **One-Time Revenue Policy**

The One-Time Revenue Policy requires that one-time revenues will only be used for one-time expenditures. In 2016-17 and 2017-18, one-time expenditures exceeded one-time revenues by \$7 million and \$43 million, respectively.

### **Debt Management Policy**

The Debt Management Policy (Debt Policy) was developed to provide guidelines for the issuance of bonds and other forms of indebtedness to finance capital improvements, equipment acquisition and other items. These guidelines include a ceiling level for non-voter debt service of six percent of General Fund revenue and a total debt service cap of 15 percent of General Fund revenue.

The 2016-17 and 2016-17 Budget ratio of non-voter debt service and total debt service as a percent of General Fund revenue were under the Debt Policy cap.

## **IV. Major Initiatives**

The City has pursued the following selected initiatives to promote a safer, more prosperous, livable and sustainable city and well-run government. In addition, major infrastructure initiatives are being undertaken by the City, including a selected few listed below.



- In an unprecedented move, the International Olympic Committee (IOC) in 2017 named two host cities, giving the 2024 Summer Games (Games) to one city, and 2028 to another. For the third time in Olympic history, Los Angeles will host the 2028 Summer Games made possible through the efforts of the City and LA2028, a private bid committee. The City expects more than \$2 billion from the IOC for hosting the Games estimated to cost \$5.3 billion. The IOC will advance \$180 million that would help LA2028 distribute a planned \$160 million to youth sports programs citywide over the next decade. The City's Mayor, as chairman of the Los Angeles Metropolitan Transportation Authority board, proposed a slate of 28 regional transit projects known as the "28 by 28" initiative to improve the region's transportation system for completion before 2028.
- With an ongoing multi-billion dollar capital improvement program expected through 2024, LAX was named to Skytrax's 2017 list of top 10 most improved airports. Among the projects underway are terminal improvements and upgrades, roadway improvements, runway and taxiway rehabilitation, and renewal of utilities and infrastructure components. Examples are the \$1.7 billion midfield satellite concourse development; \$1.8 billion complete renovation of Terminal 3, reconstruction of check-in and passenger screening areas and other improvements; and, \$514 million project to reconstruct substantially all of Terminal 1 and other related systems. A landside access and modernization program includes intermodal transportation facilities, automated people mover system and a consolidated rental car facility, the latter two of which are expected to be designed, built, financed, operated and maintained by third-party operators.
- The Port of Los Angeles has adopted a capital budget of \$160.5 million in 2017-18 which includes \$97.7 million for direct costs of capital improvement, indirect costs of \$45.9 million in allocated capitalized overhead and interest costs, \$1 million for land and property acquisition and \$16 million for capital equipment. Projects include terminal improvement, transportation and infrastructure projects, public access and environmental enhancements, security systems and maritime services.
- The City is making a historic commitment towards addressing homelessness in Los Angeles. New funding from the voter approved Proposition HHH for housing and facilities will contribute \$89 million for new permanent supportive housing and service centers to connect homeless residents to assistance programs. Over the next 10 years, Proposition HHH is projected to generate over \$1 billion to build 10,000 permanent supportive housing units. The City will also fund new outreach and sanitation teams to improve the health and safety of homeless encampment conditions. The Sobering Center Emergency Resource Unit is a pilot program that will provide assistance and emergency medical treatment and referral to the Los Angeles County Sobering Center in the Skid Row area.
- In his *Report on Homeless Encampments*, the City Controller reviewed the approach and effectiveness of the City's encampment policies and assessed related outreach cleanup and assistance efforts, notably the roles of the City's Bureau of Sanitation and Los Angeles





Police Departments. The Controller proposed several ways to improve health, safety and address the City's homeless encampments.

- The City will begin a sustained investment in restoring the worst streets using new funding from voter-approved Measure M and the California Senate Bill 1 totaling \$30 million in 2017-18. The City is also providing \$16.7 million for the Vision Zero initiative which includes installation of high-visibility crosswalks, upgrading of street signs, street re-design plans, to help eliminate traffic-related deaths by 2025; \$14 million towards Phase 2 expansion of the City's DASH circulator bus network; as well as resources to implement the Great Streets initiative to improve access and mobility on neighborhood streets.
- With nearly 14,000 curb miles, the City has a challenging task of keeping its streets clean. The City Controller found a lack of clear data or methodology as to why or where streets are swept and called on the Bureau of Street Services to conduct a route optimization study to adopt a new street sweeping schedule; establish clearer metrics for street sweeping; and, make better use of technology such as digital street signs and to compile and share data for the street sweeping program.

## **V. Mayor's Top Priority Outcomes**

The Mayor's "Back-to-Basics" approach focuses on new ways to expand and improve service to City residents in every community. The continued emphasis on this approach is aimed to reinforce the City's fiscal foundation, improve the core functions of City government, and set Los Angeles on a course toward a better, healthier, more sustainable future. The City will continue to fight homelessness, improve the City's transportation system by fixing and making streets safer, and enhance mobility throughout the region.

The Mayor's 2018-19 Proposed Budget will reflect the goals and priorities set during each General Manager Review process; maximize special funds to provide services instead of relying on the General Fund; use rigorous data analysis to evaluate program effectiveness and justify future-year funding; and explore innovative and creative ways to improve services and address challenges with existing resources.

## **VI. Controller's Guiding Principles for Fiscal Health**

As the City moves forward with its effort to achieve long-term fiscal sustainability and improvements in the areas of budgeting, strategic planning and municipal finance, the City Controller established the following Ten Guiding Principles to maintain a healthy budget:

1. Implement a budget based on performance and measurable results;
2. Focus on Return on Investment (ROI);
3. Reform City procurement;



4. Reduce liabilities with a comprehensive risk mitigation strategy;
5. Invest in technology;
6. Invest in much needed City infrastructure and put the City's vast assets and resources to work;
7. Improve accounting and accountability in Special Funds;
8. Explore savings in healthcare and pension costs;
9. Maximize current City revenues and collections;
10. Continue to build the City's Reserves.

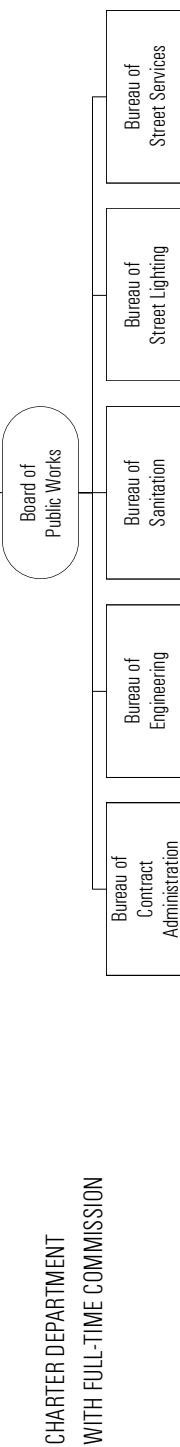
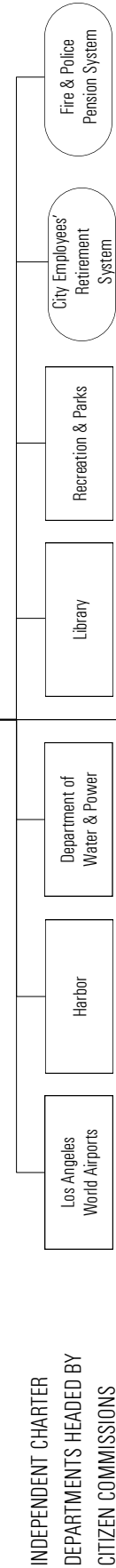
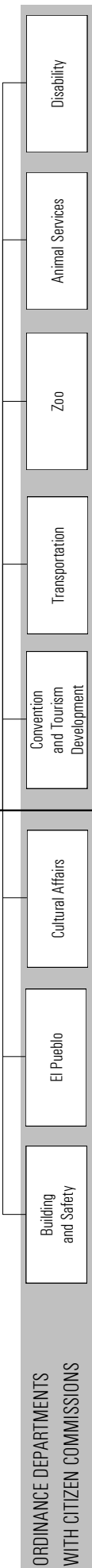
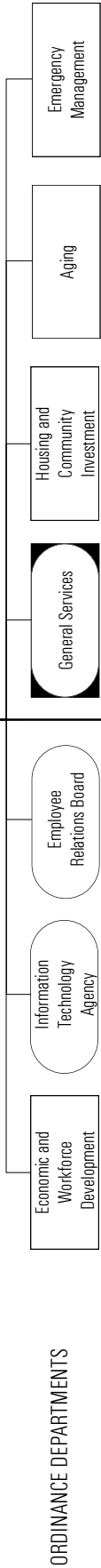
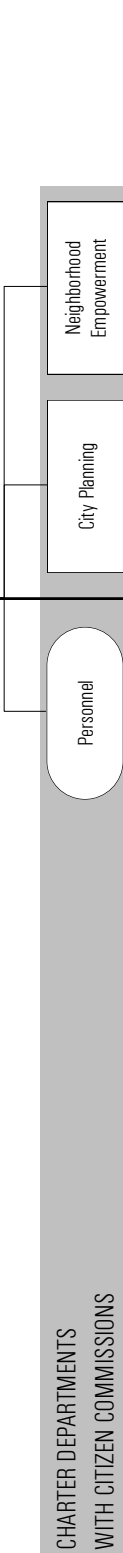
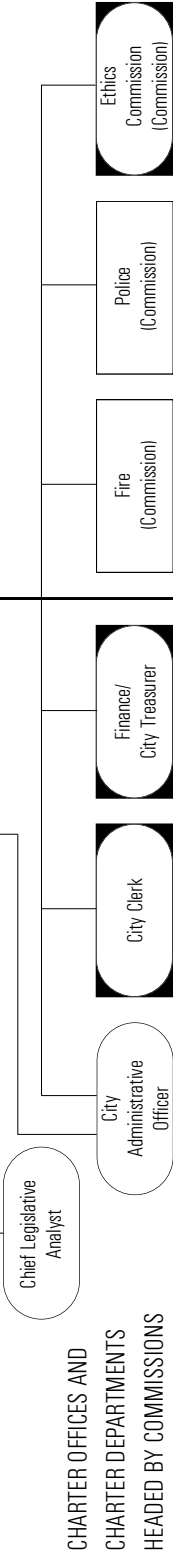
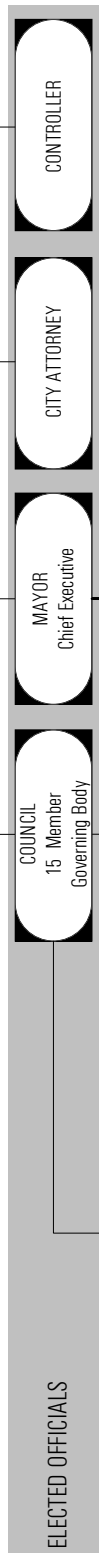
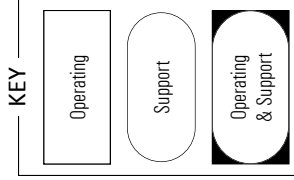
We believe the development of a long-term financial plan to be critical to balancing these guiding principles while achieving the City's policy goals. A robust long-term financial plan will align financial capacity with long-term service objectives, and developing such a plan is considered a best practice for governments. Working together, the City's leaders and stakeholders can advance these key strategies.



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# ORGANIZATION OF THE CITY OF LOS ANGELES

FY 2016-17



# City Officials

## City of Los Angeles, California



**Eric Garcetti**  
Mayor



**Ron Galperin**  
City Controller



**Mike Feuer**  
City Attorney

### City Council



**Herb J. Wesson, Jr.**  
District 10  
Council President



**Mitchell Englander**  
District 12  
President Pro Tempore



**Nury Martinez**  
District 6  
Asst. Pres. Pro Tempore



**Gilbert A. Cedillo**  
District 1



**Paul Krekorian**  
District 2



**Bob Blumenfield**  
District 3



**David E. Ryu**  
District 4



**Paul Koretz**  
District 5



**Monica Rodriguez**  
District 7



**Marqueece Harris-Dawson**  
District 8



**Curren Price, Jr.**  
District 9



**Mike Bonin**  
District 11



**Mitch O'Farrell**  
District 13



**José Huizar**  
District 14



**Joe Buscaino**  
District 15

### Non-Elected Fiscal Officers

**Claire Bartels**  
Director of Finance  
City Treasurer

**Richard H. Llewellyn, Jr.**  
Interim City Administrative  
Officer

**Tony M. Royster**  
General Manager & City Purchasing Agent  
Department of General Services



## **Ron Galperin**

Los Angeles City Controller

The City Charter establishes the Controller as an elected official and gives the Controller the responsibility for serving as the auditor and chief accounting officer of the City. The Charter guarantees the independence of the Office, and provides for better accountability to the public and a more direct form of public control over the fiscal affairs of the City, in keeping with the established principle of checks and balances exercised for both the executive and legislative branches of municipal government. The Controller is required to exercise general supervision over the accounts of all offices and departments of the City, including the independent departments of Airports, Water and Power, and Harbor (Port of Los Angeles).

Following a successful first term, Ron Galperin was reelected on July 1, 2017. His second and final term ends in 2022.

The City Controller is also the Controller for the following governmental agencies:

- Los Angeles Convention and Exhibition Center Authority
- Municipal Improvement Corporation of Los Angeles (MICLA)



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Los Angeles  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended


**June 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

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# FINANCIAL SECTION

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## Independent Auditor’s Report

Honorable Members of the City Council  
City of Los Angeles, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Angeles, California (City), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

#### *Management’s Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor’s Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Department of Water and Power (DWP), Fire and Police Pension System (Pensions), Los Angeles City Employees’ Retirement System (LACERS), and Water and Power Employees’ Retirement, Disability and Death Benefit Insurance Plans (DWP Plans), which collectively represent the following percentages of assets, net position, and revenues/additions of the following opinion units:

Opinion Unit	Assets	Net Position	Revenues/ Additions
Business-type Activities	55%	45%	64%
Each Major Enterprise Fund:			
Power and Water	100%	100%	100%
Aggregate Remaining Fund Information:			
Pensions, LACERS, and DWP Plans	91%	93%	48%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the DWP, Pensions, LACERS, and DWP Plans, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the DWP Plans were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinions, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Angeles, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of employer contributions, the schedules of changes in net pension liability and related ratios, the other postemployment benefits healthcare plans schedule of funding progress, condition rating for City bridges, and the comparison of needed-to-actual maintenance/preservation costs, as listed in table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
Los Angeles, California  
January 31, 2018

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# **Management's Discussion and Analysis**

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# MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Comprehensive Annual Financial Report of the City of Los Angeles (the City) presents a narrative overview and discussion of the City's financial activities for the fiscal year ended June 30, 2017. This discussion and analysis should be read in conjunction with the basic financial statements and accompanying notes, which follow this section. We hope that the information and the discussions will provide readers with a clear picture of the City's overall financial condition.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$21.0 billion, an increase of \$1.1 billion over fiscal year 2016. The net position of \$21.0 billion consisted of: \$18.2 billion net investment in capital assets; \$5.9 billion restricted net position which represents resources that are subject to certain restrictions on how they may be used; \$3.5 billion unrestricted net position which may be used to meet the City's obligations for its business-type activities; and \$(6.6) billion deficit of governmental activities.
- Of the \$1.1 billion total change in net position, governmental activities represented \$433.2 million, and business-type activities were \$678.5 million.
- As of June 30, 2017, the aggregate ending fund balance of the City's governmental funds was \$4.9 billion, an increase of \$127.2 million from June 30, 2016. Of the combined fund balance of \$4.9 billion, \$54.4 million or 1.1% were nonspendable, \$3.0 billion or 61.5% were restricted, \$1.1 billion or 22.0% were committed, \$304.6 million or 6.2% were assigned to specific purposes, and \$453.8 million or 9.2% were unassigned.
- At the end of the fiscal year, the General Fund showed a fund balance of \$886.2 million, of which \$45.5 million were nonspendable, \$304.5 million were assigned for various purposes, \$9.7 million were committed and \$526.5 million were unassigned.
- The City's bonded debt and long-term notes payable at June 30, 2017 totaled \$27.4 billion, a net increase of \$1.0 billion from the prior year's balance of \$26.4 billion.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of management's discussion and analysis (MD&A), basic financial statements, including the accompanying notes to the basic financial statements, required supplementary information, and combining statements and schedules for the nonmajor governmental and fiduciary funds. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of the City's finances and are made up of the following two statements: *the Statement of Net Position* and the *Statement of Activities*. Both of these statements were prepared using accounting methods similar to those used by private-sector businesses, which are the economic resources measurement focus and the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes, expenses pertaining to earned but unused compensated absences, and incurred but unpaid workers' compensation claims.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, protection of persons and property, public works, health and sanitation (other than sewer services), transportation, cultural and recreational services, and community development. The business-type activities of the City include airports, harbor, power, water, sewer and convention center services.

The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also includes the Municipal Improvement Corporation of Los Angeles (MICLA). Although legally separate, MICLA is included as an integral part of the primary government because the City Council is their governing body and its sole purpose is to provide services entirely to and exclusively for the City.

**Fund Financial Statements** are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The funds of the City are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

The governmental funds financial statements are made up of the following: the balance sheet and the statement of revenues, expenditures and changes in fund balances. Both of these statements were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

The budgetary basis statement of revenues, expenditures and changes in fund balances is prepared on a modified cash basis of accounting that is different from generally accepted accounting principles. Please see Note 3B of the Notes to the Basic Financial Statements for additional information on the basis difference.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.



The City maintains many individual governmental funds organized according to their type (general, special revenue, debt service, and capital projects funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and MICLA Special Revenue and Debt Service Funds, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements and schedules*.

The non-GAAP budgetary basis statement of revenues, expenditures and changes in fund balance is provided for the General Fund.

*Proprietary funds* are generally used to account for services for which the City charges customers – either outside customers, or other departments/funds of the City. The proprietary funds financial statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following type of proprietary funds:

- *Enterprise funds* are used to report the functions presented as *business-type activities* in the government-wide financial statements. All of the City's enterprise funds, except the convention center, are considered major funds.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. The City's pension trust, other postemployment benefits trust, and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. Both are prepared using the economic resources measurement focus and the accrual basis of accounting.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information**, other than Management's Discussion and Analysis (MD&A), is presented concerning the City's progress in funding its obligation to provide other postemployment benefits to City employees and the net pension liability and contributions related to the City's pension plans. Also included in this section is the condition assessment for City bridges.

The **combining and individual fund statements and schedules** referred to earlier provide information for nonmajor governmental funds and fiduciary funds and are presented immediately following the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Analysis of Net Position:** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21.0 billion at the close of fiscal year 2017.

The following table is a condensed summary of the City's government-wide net position:

<b>CITY OF LOS ANGELES</b>						
<b>Condensed Statement of Net Position</b>						
<b>(amounts expressed in thousands)</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
<b>Assets</b>						
Current and other assets.....	\$ 6,878,840	\$ 6,648,797	\$ 12,704,796	\$ 12,285,430	\$ 19,583,636	\$ 18,934,227
Capital assets.....	7,704,573	7,593,062	35,666,537	34,063,245	43,371,110	41,656,307
Total assets.....	14,583,413	14,241,859	48,371,333	46,348,675	62,954,746	60,590,534
Deferred outflows of resources.....	2,428,229	1,798,903	2,088,087	1,122,572	4,516,316	2,921,475
<b>Liabilities</b>						
Current and other liabilities.....	1,069,555	934,425	1,945,364	1,718,899	3,014,919	2,653,324
Long-term liabilities.....	13,491,848	12,636,862	28,215,583	25,821,850	41,707,431	38,458,712
Total liabilities.....	14,561,403	13,571,287	30,160,947	27,540,749	44,722,350	41,112,036
Deferred inflows of resources.....	1,172,986	1,625,423	596,757	907,297	1,769,743	2,532,720
<b>Net position</b>						
Net investment in capital assets.....	5,385,062	5,267,860	12,798,720	11,990,919	18,183,782	17,258,779
Restricted.....	2,471,515	2,135,861	3,421,375	3,406,639	5,892,890	5,542,500
Unrestricted.....	(6,579,324)	(6,559,669)	3,481,621	3,625,643	(3,097,703)	(2,934,026)
Total net position.....	\$ 1,277,253	\$ 844,052	\$ 19,701,716	\$ 19,023,201	\$ 20,978,969	\$ 19,867,253

Note: Certain accounts were reclassified to conform with fiscal year 2017 presentation.

Of the total net position, \$18.2 billion or 86.7% reflects its investment in capital assets (e.g., land, infrastructure, buildings, facilities and equipment) less any related outstanding debt and deferred outflows and inflows of resources used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt and deferred outflows of resources, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the debt.

An additional portion of the City's net position, \$5.9 billion or 28.1%, represents resources subject to various restrictions on how they may be used. The balance of \$(3.1) billion or (14.8%) is the net amount of the governmental activities deficit of \$(6.6) billion, and \$3.5 billion unrestricted net position that may be used to meet the City's obligations for its business-type activities.

At the end of fiscal year 2017, net investment in capital assets increased by \$925.0 million or 5.4%. Restricted net position increased by \$350.4 million or 6.3% mainly due to increases in fund balances restricted for community and housing development and public works and sanitation projects, while the deficit in unrestricted net position increased by \$163.7 million or 5.6% mainly due to the decline in the unrestricted net position of business-type activities in fiscal year 2017.

The deficit balance for the governmental activities unrestricted net position of \$(6.6) billion was mainly due to the net pension liability of \$7.1 billion, and the extent to which the City has deferred to future periods the financing of certain liabilities (i.e. claims and judgments, workers' compensation, compensated absences, pensions and other postemployment benefits). While accounting is primarily concerned with when a liability is incurred, financing focuses on when a liability will be paid. The City, like many other governments, raises and budgets resources needed to liquidate a liability during the year in which the liability is to be liquidated rather than during the year in which the liability is incurred.

Key changes in the statement of net position are as follows:

Capital assets increased by \$1.7 billion or 4.1%. The increase for governmental activities was \$111.5 million or 1.5%, and increase in business-type activities was \$1.6 billion or 4.7%. For governmental activities, the increase was primarily due to various projects under construction for police, fire, bridges, public works, streets, transportation, and cultural and community centers; and acquisition of vehicles for firefighting, police patrol, transit buses, and refuse collection and street services. Business-type increases reflect additions and ongoing construction and improvements to modernize airport and harbor terminals, sewer facilities and power and water utility plants.

Current and other assets increased by \$649.4 million or 3.4%. Governmental activities were \$230.0 million or 3.5% higher, while business-type activities grew by \$419.4 million or 3.4%. Governmental activities cash and pooled investments increased by \$185.6 million or 4.3% primarily due to a slight increase in receipts from revenues and cash deposits, and proceeds from issuance of new bonds during the fiscal year. Other investments were down \$21.5 million due to lower cash held by trustee banks as a result of debt payments during the fiscal year. Receivables were up by \$62.7 million or 2.9% compared to the prior fiscal year mainly attributed to increases in loans receivable of \$158.6 million from various grants, offset by lower taxes receivables of \$106.6 million. Deferred outflows of resources increased by \$629.3 million almost entirely due to \$624.8 million in net deferred outflows on pensions.

The City's current and other liabilities increased by \$361.6 million or 13.6%. Governmental activities increased by \$135.1 million or 14.5% from the prior year primarily due to increases in accounts payable and accrued expenses of \$11.1 million and other liabilities of \$177.4 million. These increases were offset mainly by a decrease of \$50.3 million in obligations under securities lending transactions. Other liabilities increased by \$177.4 million from recognition of investments acquired at trade date of June 30, 2017. Deferred inflows of resources from pensions decreased by \$452.4 million.

In fiscal year 2017, the total net position was higher by \$1.1 billion or 5.6% with governmental activities up by \$433.2 million, from the fiscal year 2016 net position of \$844.1 million, and business-type activities were also up \$678.5 million or 3.6%. Offsetting the increase in pension liabilities were better results from operating activities and higher net revenues. Net investment in capital assets increased by \$117.2 million for governmental activities and went up by \$807.8 million for business-type activities. For governmental activities, restricted net position went up \$335.7 million and the deficit in unrestricted net position increased by \$19.7 million. For business-type activities, restricted net position increased by \$14.7 million. The changes in restricted net position were increases of \$33.5 million for public safety, \$55.7 million for public works and sanitation, \$16.7 million for transportation, \$22.0 million for culture and recreation activities, \$186.3 million for community development and housing, \$41.6 million for passenger/customer facility charges, and \$45.3 million for other purposes. Offsetting these increases were decreases of \$7.4 million for capital projects, \$27.8 million for debt service, and \$15.5 million for other postemployment benefits.

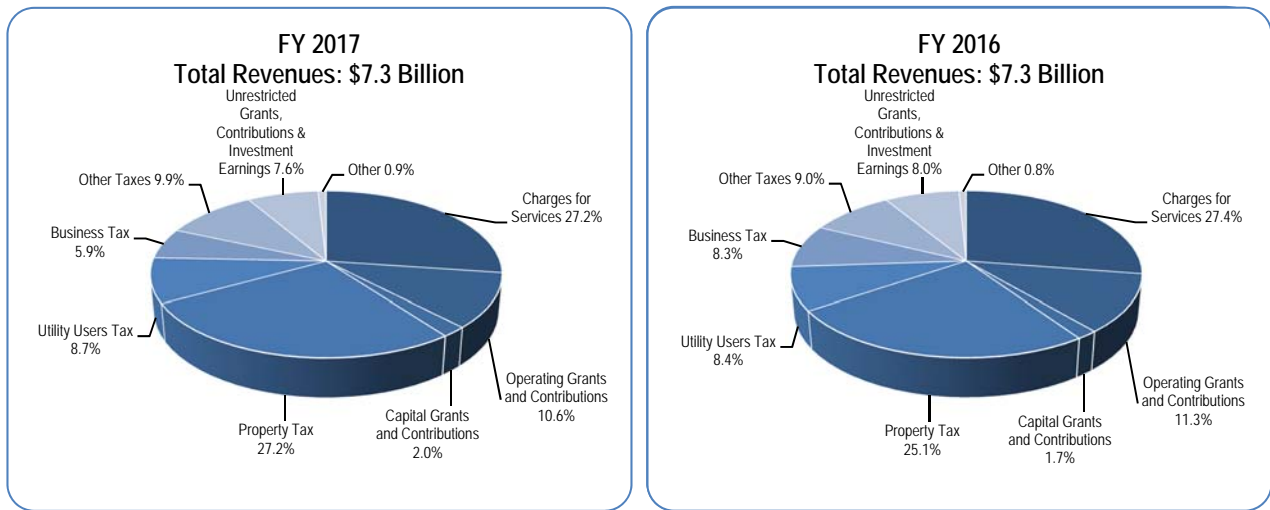
**Analysis of Activities:** The following table presents condensed information showing how the City’s net position changed during the most recent fiscal year. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

<b>CITY OF LOS ANGELES</b>						
<b>Condensed Statement of Activities</b>						
<b>(amounts expressed in thousands)</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services.....	\$ 1,991,694	\$ 2,012,111	\$ 7,344,966	\$ 7,033,285	\$ 9,336,660	\$ 9,045,396
Operating Grants and Contributions.....	774,953	827,258	--	--	774,953	827,258
Capital Grants and Contributions.....	145,509	123,757	186,635	232,183	332,144	355,940
<b>General Revenues</b>						
Property Taxes .....	1,991,949	1,844,945	--	--	1,991,949	1,844,945
Utility Users' Taxes.....	629,952	613,748	--	--	629,952	613,748
Business Taxes.....	433,985	610,467	--	--	433,985	610,467
Other Taxes.....	727,376	660,072	--	--	727,376	660,072
Unrestricted Grants and Contributions.....	555,409	546,132	--	--	555,409	546,132
Unrestricted Investment Earnings.....	1,291	39,737	32,997	129,316	34,288	169,053
Other Revenues.....	63,831	57,531	386,934	252,429	450,765	309,960
<b>Total Revenues .....</b>	<b>7,315,949</b>	<b>7,335,758</b>	<b>7,951,532</b>	<b>7,647,213</b>	<b>15,267,481</b>	<b>14,982,971</b>
<b>Expenses</b>						
General Government.....	1,480,735	1,348,442	--	--	1,480,735	1,348,442
Protection of Persons and Property.....	3,348,298	2,797,651	--	--	3,348,298	2,797,651
Public Works.....	411,168	235,840	--	--	411,168	235,840
Health and Sanitation.....	478,040	504,364	--	--	478,040	504,364
Transportation.....	506,782	420,799	--	--	506,782	420,799
Cultural and Recreational Services.....	556,152	595,454	--	--	556,152	595,454
Community Development .....	242,636	187,453	--	--	242,636	187,453
Interest on Long-term Debt.....	124,364	131,893	--	--	124,364	131,893
Airports.....	--	--	1,284,299	1,174,620	1,284,299	1,174,620
Harbor .....	--	--	412,315	398,954	412,315	398,954
Power .....	--	--	3,414,456	3,229,174	3,414,456	3,229,174
Water.....	--	--	1,049,397	1,039,575	1,049,397	1,039,575
Sewer.....	--	--	577,240	584,971	577,240	584,971
Convention Center.....	--	--	53,686	49,531	53,686	49,531
<b>Total Expenses.....</b>	<b>7,148,175</b>	<b>6,221,896</b>	<b>6,791,393</b>	<b>6,476,825</b>	<b>13,939,568</b>	<b>12,698,721</b>
Excess of Revenues Over Expenses.....	167,774	1,113,862	1,160,139	1,170,388	1,327,913	2,284,250
Transfers.....	265,427	266,982	(265,427)	(266,982)	--	--
Special Item.....	--	--	(225,347)	--	(225,347)	--
Extraordinary Item.....	--	--	9,150	--	9,150	--
<b>Increase in Net Position.....</b>	<b>433,201</b>	<b>1,380,844</b>	<b>678,515</b>	<b>903,406</b>	<b>1,111,716</b>	<b>2,284,250</b>
<b>Net Position - July 1.....</b>	<b>844,052</b>	<b>(536,792)</b>	<b>19,023,201</b>	<b>18,119,795</b>	<b>19,867,253</b>	<b>17,583,003</b>
<b>Net Position - June 30.....</b>	<b>\$ 1,277,253</b>	<b>\$ 844,052</b>	<b>\$ 19,701,716</b>	<b>\$ 19,023,201</b>	<b>\$ 20,978,969</b>	<b>\$ 19,867,253</b>

**Governmental Activities**

For the fiscal year ended June 30, 2017, total revenues of governmental activities were \$7.3 billion while total expenses were \$7.1 billion. Of the \$7.1 billion total expenses, 61.6% was funded by taxes and other general revenues, and the remaining 38.4% was funded by program revenues, transfers from business-type funds and available net position. Program revenues are resources obtained from parties outside of the City, and charges for services between the governmental and business-type activities. They include: (a) amounts received from those who purchase, use or directly benefit from a program; (b) grants and contributions that are restricted to specific programs; and (c) investment earnings that are legally restricted for a specific program.

The following charts are graphical comparisons of governmental revenues by source between fiscal years 2017 and 2016:



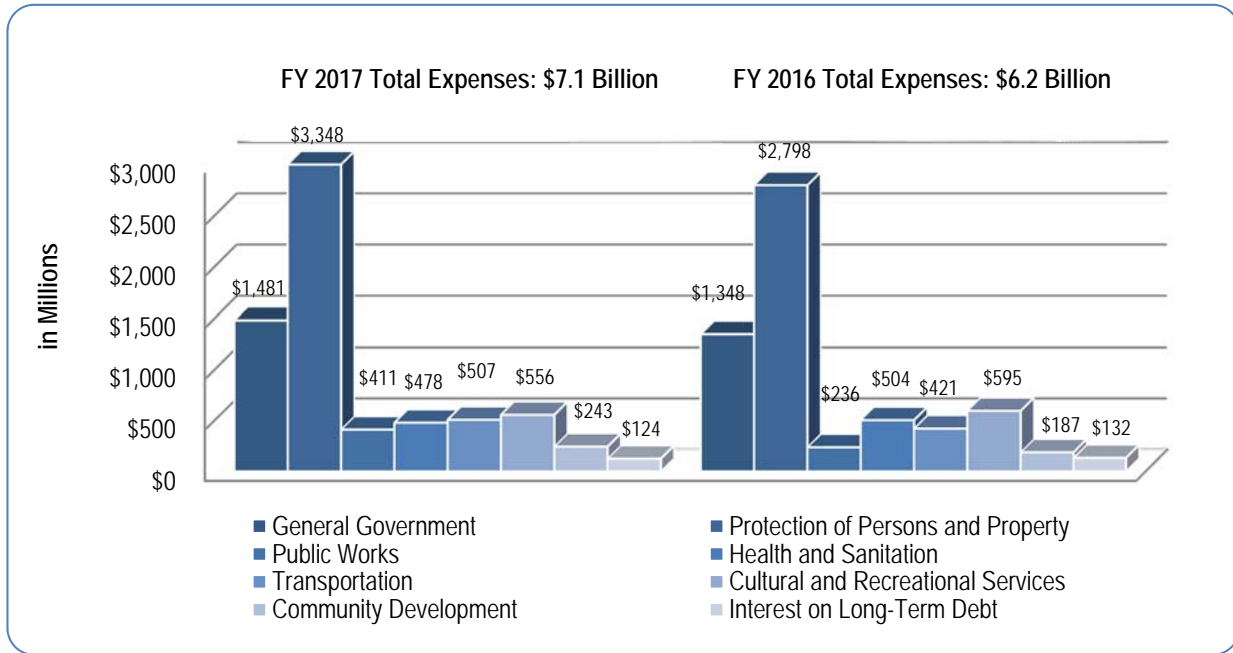
Revenues from charges for services of \$2.0 billion, property taxes of \$2.0 billion, and operating grants and contributions of \$0.8 billion were the three largest revenue sources for governmental activities. Together, these accounted for \$4.8 billion or 65.0% of total revenues.

Charges for services declined by \$20.4 million or 1.0% in fiscal year 2017 compared to fiscal year 2016. Licenses, permits and fees, mainly from building construction and materials and lateral support shoring, increased by \$14.1 million. This increase was offset by \$34.5 million decrease in MICLA revenues, other recreation and special engineering fees. Operating grants and contributions decreased by \$52.3 million or 6.3% mainly due to lower grant receipts related to Homeland Security, Disaster Assistance and Police related grants. Capital grants and contributions were \$21.8 million higher due to increased grant receipts for transportation projects, improvement of the Sixth Street Viaduct, and state highway improvements, offset by decreases in recreation and parks and clean water cleanup program grant receipts. Property tax revenue increased by \$147.0 million or 8.0% due to strong growth in taxable assessed value of properties. Fiscal year 2017 property tax revenues included the delayed receipt of sales tax replacement revenue from the end of the “triple flip” and contributed to its higher growth.

The net effect of current year revenue accruals and reversal of prior period accruals of revenues accounted for the changes in business taxes and utility users taxes of \$176.5 million and \$16.2 million respectively.

Other taxes increased by \$67.3 million or 10.2% primarily from \$13.2 million higher documentary transfer tax and \$48.0 million increase in transient occupancy tax. Parking users’ tax, franchise income and miscellaneous taxes combined contributed \$6.1 million higher other taxes receipts in fiscal year 2017. Higher sales tax resulting from the unwinding of the triple flip as well as sustained economic growth accounted for the \$9.3 million increase in unrestricted grants and contributions. Unrestricted investment earnings decreased by \$38.4 million due to the decline in market values of investments.

The following charts are graphical comparisons between June 30, 2017 and 2016, of the City’s governmental expenses by function:



Total expenses increased by \$926.3 million or 14.9% over fiscal year 2016. Increases in expenses were attributed to increases in general government of \$132.3 million, protection of persons and property of \$550.6 million, public works of \$175.3 million, transportation of \$86.0 million and community development of \$55.2 million.

General government increased by \$132.3 million or 9.8% mainly due to increases in liability claims of \$55.2 million, salaries and compensated absences of \$83.8 million and \$47.5 from various capital outlays, offset by decreases of \$10.9 million in contractual services and \$41.6 million in net pension liability (NPL) allocated to general government.

Protection of persons and property posted an increase of \$550.6 million or 19.7% primarily due to increases of \$357.1 million in NPL allocated to protection of persons and property, \$84.8 million in salaries and benefits from additional hiring, MOU agreements and COLA adjustments, \$76.8 million in compensated absences and \$29.7 million in contractual services.

Public works went up by \$175.3 million or 74.3% mainly from various capital assets acquisitions and adjustments of \$143.8 million, liability claims of \$33.2 million, salaries and benefits increase of \$22.8 million offset by a net decrease of \$20.7 million allocated share in NPL .

Health and sanitation was \$26.3 million lower primarily due to lower related costs charges of \$31.8 million, offset by \$10.2 million higher allocated pension costs.

Transportation went up by \$86.0 million or 20.4% mainly from increases in asset acquisitions and adjustments of \$38.5 million, liability claims of \$17.7 million, salary and benefits of \$7.9 million, reimbursement to other funds and subsidies to outside organizations of \$30.3 million, offset by a lower allocated share in NPL of \$10.7 million.

Cultural and recreational services went down by \$39.3 million due to lower allocated share in pension costs of \$41.5 million, offset by higher cost of various projects and activities during the fiscal year.

Community development was \$55.2 million or 29.4% higher due to increases in various housing and community development and workforce innovations projects of \$39.3 million, \$10.0 million respectively. Capital outlays of \$10.0 million and liability claims of \$22.3 million contributed to the higher expenditures for the fiscal year. These increases were offset by a decrease of \$17.8 million costs of various affordable housing initiatives, and \$9.5 million lower allocated share of NPL.

### **Business-type Activities**

The \$7.3 billion combined operating revenues of the City's six business-type activities were \$1.4 billion more than the \$5.9 billion combined operating costs. Since the proprietary funds provide the same type of information found in the government-wide statements, a more detailed discussion of the activities of the City's business-type activities is found in the financial analysis of the City's funds.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of this section is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balances may serve as a useful measure for the City's net resources available for spending at the end of the fiscal year.

### **Governmental Funds**

At June 30, 2017, the City's governmental funds reported combined fund balances of \$4.9 billion, an increase of \$127.2 million in comparison with the previous fiscal year. Of the total fund balance, \$54.4 million were nonspendable associated with inventories, prepaid items and certain advances to other funds, \$3.0 billion were classified as restricted, \$1.1 billion were committed and \$304.6 million were assigned. The remaining balance of \$453.8 million were classified as unassigned and mainly associated with the General Fund.

Governmental functions revenue totaled \$7.3 billion, while expenditures were \$7.6 billion. Although total revenues were \$311.0 million less than total expenditures, other financing sources bridged the gap. Other financing sources include proceeds from issuance of bonds, net of payment to refunding bond escrow agent and HUD loan proceeds.

The **General Fund** is the general operating fund of the City and includes transactions of the Reserve Fund and other accounts that have General Fund type activity for generally accepted accounting principles (GAAP) reporting purposes. At June 30, 2017, the General Fund reported a total fund balance of \$886.2 million, composed of \$45.5 million nonspendable from inventories of \$33.2 million, and certain advances to other funds of \$12.3 million; \$9.7 million committed; \$304.5 million assigned for general government purposes; and \$526.5 million unassigned.

The following table presents the summary of revenues and expenditures of the General Fund:

CITY OF LOS ANGELES Summary of Revenues, Expenditures and Other Financing Sources and Uses - General Fund (amounts expressed in thousands)							
Revenues and Other Financing Sources				Expenditures and Other Financing Uses			
	FY 2017	FY 2016	% Change		FY 2017	FY 2016	% Change
Revenues				Expenditures			
Property Taxes .....	\$ 1,857,683	\$ 1,708,138	8.8 %	General Government.....	\$ 1,356,842	\$ 1,316,146	3.1 %
Property Taxes in-lieu of Sales Tax.....	-	100,348	(100.0)	Protection of Persons and Property.....	2,874,117	2,797,742	2.7
Sales Taxes .....	521,910	437,775	19.2	Public Works.....	268,201	112,473	138.5
Utility Users' Taxes.....	611,160	614,814	(0.6)	Health and Sanitation.....	87,722	131,438	(33.3)
Business Taxes.....	546,494	507,635	7.7	Transportation.....	129,893	105,354	23.3
Other Taxes.....	641,755	586,375	9.4	Cultural and Recreational Services.....	12,222	57,815	(78.9)
Licenses and Permits.....	37,133	32,728	13.5	Community Development .....	79,002	2,391	3,204.1
Intergovernmental.....	15,337	20,691	(25.9)	Capital Outlay .....	23,359	46,467	(49.7)
Charges for Services.....	243,379	318,462	(23.6)	Debt Service- Interest.....	9,116	4,339	110.1
Services to Enterprise				Debt Service- Cost of Issuance .....	931	807	15.4
Funds .....	328,511	317,265	3.5	Total Expenditures.....	4,841,405	4,574,972	5.8
Fines .....	147,023	152,304	(3.5)	Other Financing Uses			
Special Assessments.....	1,490	1,869	(20.3)	Transfers Out.....	603,044	600,527	0.4
Investment Earnings.....	25,353	18,272	38.8	Total Expenditures and Other Financing Uses.....	\$ 5,444,449	\$ 5,175,499	5.2
Change in Fair Value of Investments.....	(23,740)	20,619	(215.1)				
Other.....	54,116	55,742	(2.9)				
Total Revenues.....	5,007,604	4,893,037	2.3				
Other Financing Sources							
Transfers In .....	297,649	349,928	(14.9)				
Total Revenues and Other Financing Sources.....	\$ 5,305,253	\$ 5,242,965	1.2				
Excess of Revenues							
Over Expenditures .....	\$ 166,199	\$ 318,065	(47.7)				
Net Change in							
Fund Balance.....	\$ (139,196)	\$ 67,466					

Total taxes accounted for nearly \$4.2 billion or 83.5% of General Fund revenue. Overall tax revenues grew \$223.9 million or 5.7% from fiscal year 2016 as a result of the sustained modest growth in the economy.

Total property taxes, which represent 37.1% of General Fund revenue, increased by \$149.5 million or 8.8% mainly due to higher current secured property tax receipts of \$59.9 million, increase in Community Redevelopment Agency (CRA) property tax increment of \$47.6 million from the sale of former CRA properties, and higher vehicle license fee replacement receipts of \$25.2 million.

Economy-sensitive revenues reflect the steady improvement in the economy. Sales tax revenues grew \$84.1 million or 19.2% due to the restoration of the 1% local tax rate resulting from the unwinding of the State’s triple flip. The increase in business tax revenues of \$38.9 million or 7.7% is reflective of the steady growth in business activities despite the net effect of the City’s phased-in tax reduction to the top business tax rate.



Utility users' tax revenues, which consist of electric, gas and communications users' taxes, posted a net decrease of \$3.7 million or 0.6% primarily due to lower accruals of telephone users' tax revenue from the continued decline in landline usage as consumers opted for less costly voice and texting plans. Other tax revenues were up \$55.4 million or 9.4% mainly due to \$39.4 million increase in transient occupancy tax driven by increased lodging and occupancy demand, \$15.0 million higher documentary transfer tax attributed to home price appreciation from limited housing inventory, and \$1.0 million increase in parking occupancy tax.

Licenses and permits slightly went up by \$4.4 million or 13.5% mainly due to sustained growth in construction activities during the fiscal year that resulted in higher revenues earned from building material permit fees of \$1.1 million, \$1.8 million increase in lateral shoring support shoring fees and increase of \$1.5 million in miscellaneous permits and fees.

Charges for services were \$75.1 million or 23.6% lower due to the reclassification of revenues resulting from interdepartmental charges as credits to the appropriate expense accounts instead of revenues. Intergovernmental revenues decreased by \$5.4 million or 25.9% due mainly to lower receipts from state mandated program grants.

Net investment earnings were down by \$37.3 million due to the decline in fair value of investments in fiscal year 2017 offset by earnings from higher available cash balance.

Fiscal year 2017 total General Fund expenditures were \$4.8 billion, an increase \$266.4 million or 5.8% from the prior fiscal year. In fiscal year 2017, interfund reimbursements of \$426.7 million pertaining to repayments from mainly special funds responsible for the particular expenditures to the General Fund that initially paid for them were treated as reductions from expenditures of the General Fund instead of being credited as revenues. These accounted for decreases in expenditures as discussed below.

General government expenditures posted a \$40.7 million increase or 3.1% mainly due to \$31.6 million higher salaries, benefits, health insurance and workers compensation costs. Allocated share of the general government in liability claims and LACERS pension cost of \$18.9 million and \$16.6 million respectively also accounted for the increase. These increases were offset by a reduction of \$29.5 million interfund payments.

Protection of persons and property expenditures grew by \$76.4 million or 2.7% mainly due to \$63.3 million higher salaries and benefits, \$14.9 million and \$11.9 million higher police and fire contractual services respectively, and \$2.7 million acquisition of fire and police operating equipment and supplies. These increases were offset by a lower share in allocated liability claims of \$15.7 million.

Increases of \$105.4 million in salaries, benefits, health insurance subsidies and COLA adjustments mainly accounted for the \$155.7 million higher public works expenditures. Additional increases were \$33.1 million in liability claims payout, \$6.9 million higher utility expenses, \$2.5 million acquisition of construction equipment and supplies, and \$12.4 million allocated share in pension costs. These increases were offset by \$4.6 million reduction from interfund payments.

Decreases of \$43.7 million in health and sanitation and \$45.6 million in cultural and recreational services were attributed to the increase of expenses related with interfund reimbursements.

Transportation expenses were \$24.5 million higher mainly due to increases of \$8.3 million in salaries, benefits and contractual services, \$17.7 million in liability claims and \$5.3 million allocated share in pension costs. These were offset by a reduction of interfund reimbursements of \$6.9 million.

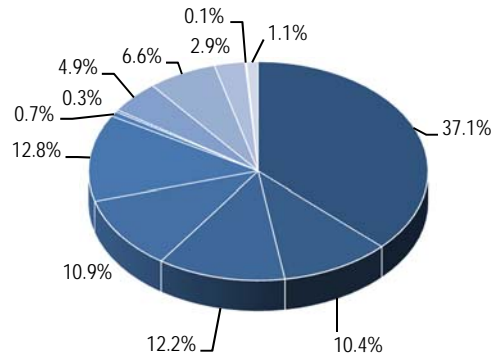
Community development expenses were \$76.6 million higher due to outlays incurred in granting subsidies to outside organizations for community projects of \$43.8 million, \$22.3 million increase in liability claims and \$9.8 million higher salaries and contractual services.

Overall, General Fund revenues exceeded expenditures by \$166.2 million, in comparison to \$318.1 million in fiscal year 2016. Transfers in from other funds amounted to \$297.6 million, while transfers out were \$603.0 million. The Power Enterprise Fund transfer of \$264.4 million largely accounted for total transfers in. The \$603.0 million transfers out included: \$186.6 million for debt service obligations; \$178.4 million for parks and recreational facilities; \$157.9 million for Library Department, \$18.5 million for arts and cultural facilities, \$23.3 million for sidewalk and curb repairs, and \$38.3 million for other departmental operations.

The above items contributed to a year end fund balance of \$886.2 million; a decrease of \$142.1 million from the prior year's fund balance of \$1.0 billion.

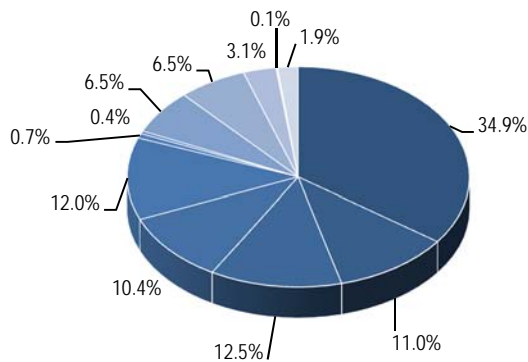
The following charts are graphical comparisons between June 30, 2017 and 2016, for General Fund revenues by source and expenditures by function:

**General Fund Revenues by Source: \$5.0 Billion  
Fiscal Year Ended June 30, 2017**



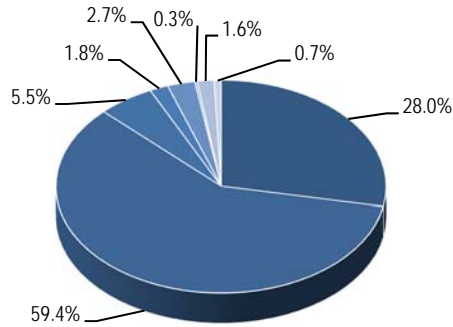
- Property Taxes (37.1%)
- Business Taxes (10.9%)
- Intergovernmental (0.3%)
- Fines (2.9%)
- Sales Taxes (10.4%)
- Other Taxes (12.8%)
- Charges for Services (4.9%)
- Special Assessments (0.1%)
- Utility Users' Taxes (12.2%)
- Licenses and Permits (0.7%)
- Services to Enterprise Funds (6.6%)
- Investment Earnings / Other (1.1%)

**General Fund Revenues by Source: \$4.9 Billion  
Fiscal Year Ended June 30, 2016**



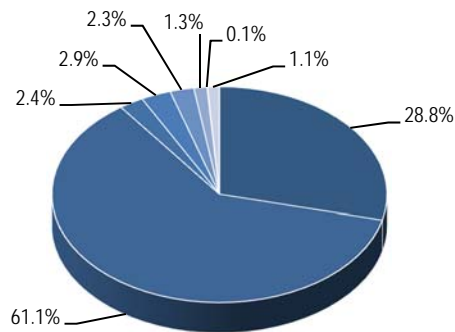
- Property Taxes (34.9%)
- Business Taxes (10.4%)
- Intergovernmental (0.4%)
- Fines (3.1%)
- Sales Taxes (11.0%)
- Other Taxes (12.0%)
- Charges for Services (6.5%)
- Special Assessments (0.1%)
- Utility Users' Taxes (12.5%)
- Licenses and Permits (0.7%)
- Services to Enterprise Funds (6.5%)
- Investment Earnings / Other (1.9%)

**General Fund Expenditures by Function: \$4.8 Billion  
Fiscal Year Ended June 30, 2017**



- General Government (28.0%)
- Public Works (5.5%)
- Transportation (2.7%)
- Community Development (1.6%)
- Protection of Persons and Property (59.4%)
- Health and Sanitation (1.8%)
- Cultural and Recreational Services (0.3%)
- Capital Outlay / Others (0.7%)

**General Fund Expenditures by Function: \$4.6 Billion  
Fiscal Year Ended June 30, 2016**



- General Government (28.8%)
- Public Works (2.4%)
- Transportation (2.3%)
- Community Development (0.1%)
- Protection of Persons and Property (61.1%)
- Health and Sanitation (2.9%)
- Cultural and Recreational Services (1.3%)
- Capital Outlay / Others (1.1%)

The **Municipal Improvement Corporation Special Revenue and Debt Service Funds** account for the activities of the City's public financing entity, MICLA. Acquisition of certain real property and equipment, and construction of buildings and other improvements are financed through the issuance of MICLA certificates of participation and lease revenue bonds. The Debt Service Fund's aggregate bond principal and interest expenditures for the year were \$208.7 million, while lease payments from the General Fund and certain Special Revenue Funds were \$214.0 million.

**Proprietary Funds**

The City’s proprietary funds provide the same type of information as in the business-type activities column of the government-wide financial statements.

The following table summarizes the operating results of the City’s six enterprise funds:

**Business-type Activities  
Change in Net Position  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	Airports	Harbor	Power	Water	Sewer	Nonmajor Convention Center	Total
Operating Revenues.....	\$ 1,372,730	\$ 474,532	\$ 3,697,924	\$ 1,118,547	\$ 634,060	\$ 47,173	\$ 7,344,966
Operating Expenses.....	(1,087,324)	(400,570)	(3,086,198)	(857,419)	(457,358)	(53,686)	(5,942,555)
Operating Income (Loss) .....	285,406	73,962	611,726	261,128	176,702	(6,513)	1,402,411
Net Nonoperating Revenues (Expenses).....	23,846	1,530	(202,610)	(151,811)	(99,878)	16	(428,907)
Capital Contributions.....	87,756	18,801	32,177	31,184	16,717	--	186,635
Transfers Out .....	--	--	(264,427)	--	--	(1,000)	(265,427)
Special Item.....	(225,347)	--	--	--	--	--	(225,347)
Extraordinary Item.....	--	9,150	--	--	--	--	9,150
Change in Net Position.....	\$ 171,661	\$ 103,443	\$ 176,866	\$ 140,501	\$ 93,541	\$ (7,497)	\$ 678,515

**Business-type Activities  
Change in Net Position  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)**

	Airports	Harbor	Power	Water	Sewer	Nonmajor Convention Center	Total
Operating Revenues.....	\$ 1,285,816	\$ 441,249	\$ 3,517,040	\$ 1,131,777	\$ 613,092	\$ 44,311	\$ 7,033,285
Operating Expenses.....	(984,528)	(390,194)	(2,992,412)	(879,955)	(444,858)	(49,531)	(5,741,478)
Operating Income (Loss) .....	301,288	51,055	524,628	251,822	168,234	(5,220)	1,291,807
Net Nonoperating Revenues (Expenses).....	54,841	7,512	(148,262)	(144,403)	(123,329)	39	(353,602)
Capital Contributions.....	49,271	40,489	65,896	46,752	29,775	--	232,183
Transfers In .....	--	--	--	--	--	25	25
Transfers Out .....	--	--	(266,957)	--	--	(50)	(267,007)
Change in Net Position.....	\$ 405,400	\$ 99,056	\$ 175,305	\$ 154,171	\$ 74,680	\$ (5,206)	\$ 903,406

#### Airports

The Airports Enterprise Fund (Airports) accounts for the operation of the Los Angeles International Airport (LAX), and Van Nuys Airport (VNY). Airports voluntarily returned the certificate relating to LA/Palmdale Regional Airport (PMD) to the Federal Aviation Administration (FAA), but may, upon compliance with certain requirements, request to have the PMD certificate issued. LA/ONT International Airport (ONT) was transferred to the Ontario International Airport Authority (OIAA) on November 1, 2016 pursuant to the ONT Settlement Agreement.

On June 20, 2016, the City, Airport, City of Ontario, and OIAA agreed to a Staff Augmentation Agreement (SAA). The SAA contemplated some Airports staff may remain at ONT for as long as 21 months after the closing. However, it provided the OIAA with the right to declare certain categories of employees redundant and return them to available employment with a City Department. OIAA has exercised that right on several occasions.

Airports operating revenues totaled \$1.4 billion, a \$86.9 million or 6.8% increase from fiscal year 2016. Aviation and non-aviation revenues grew by \$35.2 million and \$51.7 million, respectively. Landing fees increased by \$13.2 million or 5.2%. Building rental revenues grew \$20.6 million or 4.2% mainly attributable to the improvements and refurbishments in the LAX terminals, scheduled rate increases associated with the Terminal Rate Agreement, as well as new and renegotiated leases signed with the airlines and other tenants. Land rental revenue contributed a net addition of \$0.9 million from increased leased areas. Total revenue from concession was higher by \$28.8 million or 6.8% mainly due to increased passenger traffic and increase of Transportation Network Companies revenue.

Airports total operating expenses were \$1.1 billion, a \$102.8 million or 10.4% increase from the prior fiscal year. The \$34.0 million or 8.1% increase in salaries and benefits reflected pay increases in accordance with employee bargaining agreements, pension expenses, healthcare subsidy, and accrued sick and vacation pay. Contractual services increased by \$15.5 million due to higher City services payments caused by increased cost allocation plan rates for central and direct services, increased legal fees due to claims related to the procurement of the Aircraft Rescue and Fire Fighting vehicles, higher operations and emergency management expenses, offset by lower capital planning, engineering and environmental program expenses. Utilities were down by \$3.2 million while materials and supplies decreased by \$5.7 million. Depreciation increased from \$250.1 million to \$309.1 million due to the completion of the associated projects related to Bradley West core renovation, Bradley West Terminal connector, some terminal renovations, Terminal Commercial Management improvements, West Maintenance Facility and the Central Terminal Area development project.

Airports nonoperating revenue decreased by \$24.1 million due to decrease in customer facility charges of \$2.2 million, \$35.8 million decline in fair value of investments and \$2.0 million lower other nonoperating revenues, offset by \$12.8 million increase in passenger facility charges and \$3.1 million higher interest income. Nonoperating expenses increased by \$6.9 million due to \$9.2 million higher interest expense attributed to issuance of bonds, offset by \$2.3 million lower other nonoperating expenses. Pursuant to the ONT Settlement Agreement, Airports transferred the assets and liabilities of ONT to OIAA on November 1, 2016. As a result of the transfer, Airports recognized a loss of \$225.3 million on the disposal of ONT as a special item.

As a result of the above financial changes, including capital contributions of \$87.8 million, the Airports Enterprise Fund's change in net position for fiscal year 2017 amounted to \$171.7 million, a decline of \$233.7 million or 57.7% compared to the change in net position of \$405.4 million in fiscal year 2016.

#### Harbor

The Harbor Enterprise Fund (Harbor) accounts for the operations of the Port of Los Angeles. It provides for shipping, fishing, recreational, and other benefits for the citizens of California.

Harbor operating revenues increased to \$474.5 million from \$441.2 million in the prior fiscal year primarily due to higher shipping, rentals, royalties, fees and other operating revenues. Shipping services increased by \$29.8 million from higher cargo volumes that moved through the terminals. Rental rate increases and new permits contributed to higher rental fees. A \$3.0 million proceeds from Harbor Maintenance Tax accounted for the increase in other operating revenues.

Harbor's operating expenses excluding depreciation increased by \$1.4 million to \$227.7 million from \$226.3 million in fiscal year 2016. Salaries and benefits increased by \$3.9 million from Memorandum of Understanding (MOU) salary increases. Payments to City services increased by \$2.1 million from higher cost allocation plan rates and MOU mandated City salary increases. Outside services declined by \$3.9 million due to lower security technology, legal and environmental services. Utilities increased by \$0.5 million mainly due to higher water and gas expenses. Materials and supplies expenses declined by \$1.0 million. Other operating expenses were lower by \$0.1 million due to decreases of \$0.7 million provision for bad debts, \$0.8 million claims and litigation expenses, \$3.7 million pollution remediation obligations, and \$0.4 million other operating expenses, offset by increase of \$5.5 million in provision for workers compensation.

Nonoperating revenues decreased by \$3.0 million mainly due to lower interest and investment income of \$8.6 million offset by higher grant receipts. Nonoperating expenses increased by \$3.0 million due to higher pass-through grant funding disbursements of \$6.4 million, and \$1.1 million higher other nonoperating expenses, offset by lower discontinued capital projects of \$4.5 million.

As a result of the above financial changes including capital contributions of \$18.8 million, the Harbor Enterprise Fund's change in net position for fiscal year 2017 was \$103.4 million, an increase of \$4.4 million or 4.4% compared to the change in net position of \$99.1 million in fiscal year 2016.

#### Power and Water

The Power and Water Enterprise Funds account for the operations of the Department of Water and Power (DWP) in supplying the City and its inhabitants with water and electric power by constructing, operating, and maintaining facilities located throughout the City.

#### Power

The Power Enterprise Fund's (Power) total operating revenues grew by \$180.9 million or 5.1% from the prior fiscal year primarily due to a \$77.0 million increase in base rate revenue from the Base Rate Revenue Target Adjustment which sets a minimum amount of revenue to be recovered from fiscal years 2016 through 2020 and higher consumption, and a \$74.0 million revenue from the incremental rate stabilization account. Underrecovered costs of \$213.9 million were recognized as revenue and will be billed in fiscal year 2018.

Power operating expenses were \$93.8 million higher as compared to fiscal year 2016, driven primarily by the following: \$128.0 million increase in purchased power costs, a \$42.0 million increase in other operating expenses due to increases in transmission costs and higher general and administrative expenses, offset by \$26.0 million decrease in fuel for generation costs due to lower gas prices, \$30.0 million decrease in maintenance expenses from an ongoing replacements and retrofits which required less maintenance, and a \$19.0 million decrease in depreciation and amortization expense due to the change in depreciation method from the 58.0% sinking fund method based on estimated service lives to all straight line method of depreciation resulting from a 2016 Depreciation Study. The \$128.0 million increase in purchased power costs can be primarily attributed to energy purchased from new renewable energy projects, Springbok 1 and 2, higher market purchases, and increase in Feed-in Tariff (a solar incentive program) program costs.

The major nonoperating activities of Power for fiscal year 2017 included the transfer of \$264.4 million to the City's General Fund, net interest income earned on investments of \$21.0 million from changes in market values of investments and restructuring of the Intermountain Power Agreement's long-term



notes, \$33.0 million in federal bond subsidies, and \$317.0 million in debt expenses from issuances of new bonds in fiscal year 2017 offset by capitalized interest of \$23.0 million, and \$61.0 million in other nonoperating revenue mainly from the net sale of CO2 emission allowances.

As a result of the above financial changes, including capital contributions of \$32.2 million, Power's change in net position for fiscal year 2017 amounted to \$176.9 million, an increase of \$1.6 million or 0.9% compared to the change in net position of \$175.3 million in fiscal year 2016.

#### Water

During fiscal year 2017, operating revenues decreased by \$13.2 million, or 1.2%, from fiscal year 2016 primarily due to lower pass-through expenses of \$108.2 million and lower water sales of 3.3 million hundred cubic feet, offset by an increase of \$118.6 million in billed revenue from a new rate ordinance effective April 15, 2016.

Operating expenses for fiscal year 2017 were \$22.5 million lower attributed to \$67.3 million decrease in purchased water expenses, offset by \$32.1 million higher maintenance and other operating expenses, and increase of \$12.7 million in depreciation and amortization expenses. Purchased water expenses decreased due to increase in water supply brought about by increased snow pack and above average wet year in fiscal year 2017. Increases in maintenance and other operating expenses were attributed to higher legal, special services, environmental costs and other administrative and general expenses.

Nonoperating revenue and nonoperating expenses were \$7.7 million higher and \$1.0 million lower, respectively. Other nonoperating income increased by \$12.9 million, offset by \$5.3 million decrease in market values of investments. Increase in debt costs due to the issuances of new debt accounted for the increase in nonoperating expenses.

As a result of the above financial changes including capital contributions of \$31.2 million, the Water Enterprise Fund's change in net position for fiscal year 2017 was \$140.5 million, a decline of \$13.7 million or 8.9% compared to the change in net position of \$154.2 million in fiscal year 2016.

#### Sewer

The Sewer Enterprise Fund (Sewer) accounts for the construction, operation, and maintenance of the City's wastewater collection and treatment system.

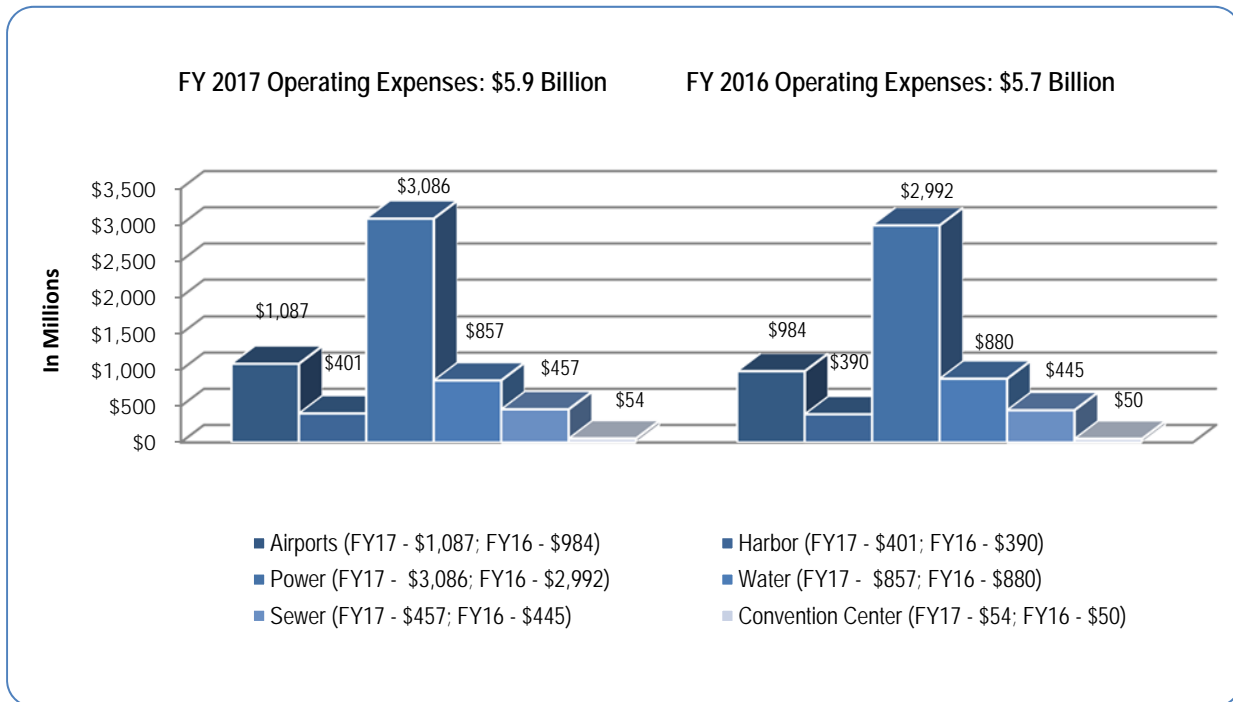
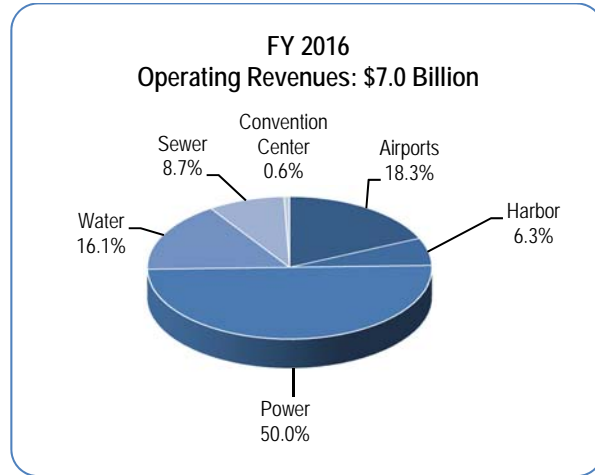
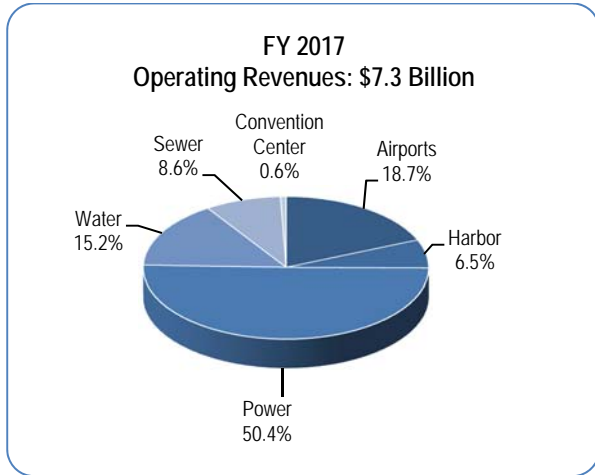
Sewer's total operating revenues of \$634.1 million increased by \$21.0 million or 3.4% from the previous fiscal year. The increase of \$21.0 million was attributed to increases in sewer service charges of \$19.0 million or 3.5%, other operating revenues of \$1.8 million or 63.5%, and wastewater service contracts of \$1.4 million or 6.6%, offset by decreases in industrial waste surcharges of \$0.6 million or 3.5% and sewerage facilities charges of \$0.6 million or 3.2%. In 2012, the City amended Section 64 of the Los Angeles Municipal Code to authorize an increase of 4.5% in sewer service charge from wastewater dischargers on April 6, 2012, July 1, 2012 and July 1, 2013. That Ordinance also authorized a series of increases of 6.5% every July 1<sup>st</sup> from July 1, 2014 until July 1, 2020.

Sewer's total operating expenses of \$457.4 million increased by \$12.5 million or 2.8% compared to prior year due to increases in operating and maintenance expense and depreciation expense.

Changes in nonoperating revenues and expenses included a decrease in investment income of \$6.0 million or 95.0% due to decline in fair market value of investments, and a decrease of \$2.4 million or 2.4% in interest expense due to non-issuance of revenue bonds in fiscal year 2016. Other non-operating expenses for fiscal year 2017 were \$18.8 million, which is \$17.8 million lower than fiscal year 2016. The decrease in other non-operating expenses was mainly due to the insignificant loss on abandonment of fixed assets compared to last fiscal year.

As a result of the above financial changes, including capital contributions of \$16.7 million, Sewer’s change in net position for fiscal year 2017 was \$93.5 million, an increase of \$18.9 million or 25.3% compared to the change in net position of \$74.7 million in fiscal year 2016.

The following charts are graphical comparisons between June 30, 2017 and 2016, for enterprise funds/business-type activities operating revenues and operating expenses:



**GENERAL FUND BUDGETARY HIGHLIGHTS**

For fiscal year 2017, the City budgeted the General Fund Operating Account. For purposes of the budget, General Fund Operating Account is separate and distinct from the non-budgeted Reserve Fund and other accounts that are classified by the City as having General Fund type activity for GAAP reporting purposes. At fiscal year-end, the unassigned fund balance of the General Fund Operating Account is transferred to the Reserve Fund and reported as “Reversion to Reserve Fund.”

At year-end, General Fund actual revenues exceeded the original budget while expenditures were lower than the final adjusted budget. The following table summarizes the operating results on a budgetary basis of the City’s General Fund Operating Account as described above:

**CITY OF LOS ANGELES**  
**Budgetary Operating Results – General Fund**  
**Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Above (Below)
	Original	Final		
<b>Revenues and Other Financing Sources</b>				
Taxes.....	\$ 4,103,656	\$ 4,103,656	\$ 4,200,524	\$ 96,868
Licenses, Permits, Fees and Fines.....	1,075,482	1,095,875	1,054,244	(41,631)
Intergovernmental.....	13,653	13,653	11,809	(1,844)
Interest .....	19,700	19,700	21,041	1,341
Other .....	9,106	9,106	9,280	174
Total Revenues .....	5,221,597	5,241,990	5,296,898	54,908
Power Transfer.....	291,000	291,000	264,427	(26,573)
Transfers from Other Funds.....	1,059,204	1,422,611	1,250,632	(171,979)
Loans from Other Funds .....	--	3	(11,374)	(11,377)
Total Revenues and Other Financing Sources.....	6,571,801	6,955,604	6,800,583	(155,021)
<b>Expenditures and Other Financing Uses</b>				
General Government.....	1,590,981	1,771,058	1,678,467	(92,591)
Protection of Persons and Property .....	2,249,940	2,319,536	2,288,101	(31,435)
Public Works.....	360,235	384,535	351,615	(32,920)
Health and Sanitation.....	258,098	264,742	248,999	(15,743)
Transportation .....	160,165	162,856	152,027	(10,829)
Cultural and Recreational Services .....	40,443	41,749	38,328	(3,421)
Community Development .....	139,817	149,076	131,386	(17,690)
Pension and Retirement Contributions .....	2,890	2,560	2,560	--
Capital Outlay.....	57,268	68,776	9,528	(59,248)
Total Expenditures .....	4,859,837	5,164,888	4,901,011	(263,877)
Transfers to Other Funds.....	1,747,129	1,790,716	1,780,813	(9,903)
Total Expenditures and Other Financing Uses.....	6,606,966	6,955,604	6,681,824	(273,780)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses .....</b>				
Fund Balance, July 1.....	(35,165)	--	118,759	118,759
Appropriation of Fund Balances and Carryforward	35,165	35,165	--	(35,165)
Appropriations.....	--	(35,165)	--	35,165
Encumbrances Lapsed .....	--	--	28,912	28,912
Reversion to Reserve Fund .....	--	--	(147,671)	(147,671)
Fund Balance, June 30 .....	\$ --	\$ --	\$ --	\$ --

In fiscal year 2017, total actual revenues and other financing sources were \$155.0 million or 2.2% below final budget. Property taxes, business taxes and transient occupancy taxes, posted revenues of \$53.8 million, \$25.8 million and \$19.1 million better than final budgets. Sustained growth in property values contributed to the increase in property tax revenue, while modest growth in business activities as well as increases in renewal and non-renewal activities accounted for the slight increase in business taxes. Aggressive tourism campaign, added hotel room nights sold, increased traffic in the City's airports, and the receipt of revenues collected from Airbnb under a negotiated tax collection agreement executed in July 2016 accounted for the growth in transient occupancy tax.

Power transfer of \$264.4 million was negatively impacted by sales, but was reduced in anticipation of the resolution of continuing litigation.

Revenues from telephone and gas utility users' taxes were offset by shortfalls in electric users' tax due to lower than anticipated sales caused by a mild summer and conservation efforts.

Licenses, permits and fines were \$41.6 million lower mainly due to lesser related cost reimbursements for as-needed staffing, lower election reimbursements (from early remittances made in fiscal year 2016, transfer of City election functions to the County, and the reduced DWP apportionment) and credits against reimbursements from related cost over-payments made in fiscal year 2016.

The City's General Fund expenditures were \$263.9 million or 5.1% below projections during fiscal year 2017. General government's actual expenditures were \$92.6 million lower than estimates mainly due to budgeted appropriations that were not expended during the fiscal year including appropriations for construction projects and materials, special events fee, sidewalk litigation, hiring hall construction and certain salaries and civilian flex programs.

In an effort to close the budget deficit, expenditure reductions were part of the Mayor's plan for the 2017 budget. All expenditures categories were lower than projected budget. Savings were realized also through actions of the Mayor and City Council to implement various efficiencies and reductions such as strict managed hiring process of position vacancies; expense account reductions, particularly those related with contractual and outside services. Capital outlay expenditures were \$59.2 million lower compared to budget mainly due to various construction projects that were not fully implemented in fiscal year 2017 including \$30.5 million for Potrero Canyon Park and \$4.6 million for Whitsett Soccer Complex and Descanso Drive projects.

As a result of below budget expenditures and other financing uses totaling \$273.8 million, and lapsed encumbrances of \$28.9 million, offset by below budget revenues and other financing sources of \$155.0 million, a total of \$147.7 million was reverted from the General Fund to the Reserve Fund at fiscal year-end.

**LONG-TERM DEBT**

At June 30, 2017 the City’s bonded indebtedness and long-term notes payable totaled \$27.4 billion as follows:

<b>CITY OF LOS ANGELES</b>						
<b>Summary of Bonded Debt and Long-Term Notes Payable</b>						
<b>(amounts expressed in thousands)</b>						
	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Debt backed by the City						
General Obligation Bonds.....	\$ 756,414	\$ 842,483	\$ --	\$ --	\$ 756,414	\$ 842,483
Judgment Obligation Bonds .....	22,933	30,827	--	--	22,933	30,827
Debt Secured by Specified Revenue Sources						
Certificates of Participation and Lease						
Revenue Bonds .....	1,693,317	1,798,130	--	--	1,693,317	1,798,130
Revenue Bonds and Notes Payable.....	466,264	383,180	24,401,630	23,251,028	24,867,894	23,634,208
Loans Payable to U.S. Department of Housing and Urban Development.....	105,659	135,847	--	--	105,659	135,847
<b>Total .....</b>	<b>\$ 3,044,587</b>	<b>\$ 3,190,467</b>	<b>\$ 24,401,630</b>	<b>\$ 23,251,028</b>	<b>\$ 27,446,217</b>	<b>\$ 26,441,495</b>

Significant new issuances during the year included the following:

- \$143.8 million General Obligation Refunding Bonds Series 2016-A was issued to refund \$8.1 million of Series 2008-A, \$48.9 million of Series 2009-A, and \$70.2 million of Series 2011-A GOB bonds.
- MICLA issued 2017 MICLA Streetlights Financing Bonds of \$39.3 million for the acquisition and installation of certain streetlights with light-emitting diode and/or high voltage conversion and other related improvements.
- Airports issued \$226.4 million of LAX Senior Refunding Revenue Bonds Series 2016C and \$451.2 million LAX Subordinate Revenue Bonds Series 2016B. The 2016C bonds were issued to advance refund and defease a portion of the Series 2008A Senior Revenue Bonds.
- Harbor issued \$98.0 million Refunding Bonds Series 2016A in October 2016 to refund the 2006 Series A, \$68.4 million Refunding Bonds Series 2016B to refund 2006 Series C Refunding Bonds and a portion of 2009 Series B Bonds, and \$35.2 million Refunding Bonds Series 2016C to refund a portion of 2009 Series B Bonds.
- Power issued \$500.0 million of Power System Revenue Bonds, 2017 Series A to be used for capital improvements. Power also issued \$345.4 million of Power System Revenue Bonds, 2017 Series B to refund a portion of the outstanding Power System Revenue Bonds, 2007 Series A, Subseries A-1 and all of the outstanding Power System Revenue Bonds, 2007, Series A, Subseries A-2.
- Water issued \$530.3 million Water System Revenue Bonds, 2017 Series A to pay for budgeted capital improvements, repay the Water System revolving loan and refund a portion of the Water System Revenue Bonds Series 2007A, Subseries A-1 and Subseries A-2.

- Sewer issued the following Wastewater System Bonds in fiscal year 2017 to finance various construction and capital improvement projects, and to partially refund certain bonds outstanding: \$227.5 million Series 2017-A Subordinate Bonds, \$107.2 million and \$115.5 million Subordinate Revenue Bonds 2017-B and 2017-C respectively.

More detailed information on the City’s bonds and other long-term debt can be found in Note 4I of the Notes to the Basic Financial Statements.

**Governmental Activities**

As of June 30, 2017 and December 27, 2017, the ratings of the City’s debts by rating agencies were as follows:

	Moody's Investors Service	Standard & Poors Ratings Services	Fitch Ratings	Kroll Bond Rating Agency
General Obligation Bonds	Aa2	AA	AA-	AA
Judgment Obligation Bonds	A1	AA-	A+	n/a
MICLA Lease Revenue Obligations (Real Property)	Aa3	AA-	A+	AA-
MICLA Lease Revenue Obligations (Equipment)	Aa3	AA-	A+	AA-
Tax and Revenue Anticipation Notes	M1G 1	SP-1+	n/a	n/a
Solid Waste Resources Revenue Bonds	Aa2	A+	AA-	AA
Wastewater System Revenue Bonds	Aa2	AA+	AA+	AA+
Wastewater System Subordinate Revenue Bonds	Aa3	AA	AA	AA

The City’s Debt Management Policies establish guidelines for the structure and management of the City’s debt. These guidelines include target and ceiling levels for certain debt ratios to be used for financial planning purposes. The policy places certain restrictions on the types of items that can be financed, limiting financing only to those items with a useful life of six years or more. In accordance with this policy, the ratio of annual debt payments cannot exceed 15.0% of General Fund revenues for voter-approved and non-voter approved debt overall, and cannot exceed 6.0% of General Fund revenues for non-voter approved debt alone. The 6.0% ceiling for non-voter approved debt may be exceeded, only if there is a guaranteed new revenue stream for the debt payments and the additional debt will not cause the ratio to exceed 7.5%, or there is no guaranteed revenue stream but the 6.0% ceiling shall not be exceeded for more than one year. As of June 30, 2017, the City had \$720.4 million of General Obligation bonds excluding bond premium outstanding.

The City’s Variable Rate Debt Policy sets forth the purposes and the criteria for using variable rate debt, and the factors to be considered in determining the appropriate amount of the variable rate debt. It also requires diversification of remarketing agents and counterparties. Budgeting, monitoring and reporting requirements are also included in the policy.

The City’s Interest Rate Risk Mitigation Policy provides guidelines for the use of interest rate mitigation products such as swaps, caps, floors, collars and options in connection with the incurrence of debt. While the use of these financing products can reduce the City’s exposures to risks inherent to certain types of debts, careful monitoring is required to preserve the City’s credit strength and budget flexibility.

As of June 30, 2017 the City is in compliance with the aforementioned policies.

Information related to the City’s legal debt margin and pledged revenue bond coverage for the City’s enterprise funds is found in the Statistical Section – Debt Capacity.

**Business-type Activities**

Airports

As of June 30, 2017, the ratings of LAX's outstanding bonds by S&P, Moody's, and Fitch were as follows: AA, Aa3, and AA, respectively for LAX Senior Bonds; AA-, A1, and AA-, respectively for LAX Subordinate Bonds.

Harbor

As of June 30, 2017, for all outstanding bonds, Harbor continues to maintain an Aa2, AA and AA credit ratings from Moody's, S&P, and Fitch respectively.

Power

In June 2017, S&P, Moody's and Fitch affirmed the Power's bond rating of AA-, Aa2, and AA- respectively. On January 18, 2018, S&P upgraded the long term bond rating from AA- to AA.

Water

In April 2017, S&P, Moody's, and Fitch affirmed Water's bond rating of AA+, Aa2, and AA, respectively.

Sewer

Sewer's most recent ratings of the senior debt were AA by S&P, Fitch and Kroll.

**CAPITAL ASSETS**

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounted to \$43.4 billion (net of accumulated depreciation and amortization). This investment in capital assets, which accounts for 68.9% of the City’s total assets, includes land, buildings, facilities, equipment, infrastructure, intangibles, construction in progress, nuclear fuel and natural gas field. The following table presents the City’s capital assets (in thousands):

**CITY OF LOS ANGELES  
Summary of Capital Assets Used in Operations  
(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
<b>Not Depreciated / Amortized</b>						
Land.....	\$ 822,260	\$ 756,195	\$ 2,676,203	\$ 2,716,940	\$ 3,498,463	\$ 3,473,135
Infrastructure.....	528,002	429,574	--	--	528,002	429,574
Construction in Progress.....	786,803	802,221	3,820,390	4,374,211	4,607,193	5,176,432
Intangible Assets.....	22,134	24,231	60,442	62,728	82,576	86,959
Nuclear Fuel.....	--	--	41,465	39,948	41,465	39,948
Natural Gas Field.....	--	--	198,145	213,691	198,145	213,691
Subtotal.....	2,159,199	2,012,221	6,796,645	7,407,518	8,955,844	9,419,739
<b>Depreciated / Amortized, Net</b>						
Buildings, Facilities and Equipment.....	3,468,699	3,487,065	28,678,753	26,641,605	32,147,452	30,128,670
Infrastructure.....	2,025,145	2,044,971	--	--	2,025,145	2,044,971
Intangible Assets.....	51,530	48,805	191,139	14,122	242,669	62,927
Subtotal.....	5,545,374	5,580,841	28,869,892	26,655,727	34,415,266	32,236,568
<b>Total.....</b>	<b>\$ 7,704,573</b>	<b>\$ 7,593,062</b>	<b>\$ 35,666,537</b>	<b>\$ 34,063,245</b>	<b>\$ 43,371,110</b>	<b>\$ 41,656,307</b>

Major capital assets activities during the year are as follows:

Governmental Activities

- Completed building construction and improvements, including transfers from construction in progress, amounted to \$98.9 million. These building projects included \$74.9 million for recreational, cultural and community centers, \$20.4 million for various municipal facilities, \$2.1 million for fire and police facilities, and \$1.5 million for animal shelters.
- Capitalized charges for various projects under construction totaled \$120.6 million. These projects included \$60.3 million for recreational, cultural and community centers, \$27.0 million for municipal facilities projects, \$14.6 million for various public work projects, \$10.0 million for transportation projects, and \$8.7 million for fire and police facilities.
- Total capitalized infrastructure assets amounted to \$150.1 million.
- Acquisition of machinery and equipment that were capitalized totaled \$96.8 million, while those retired, salvaged, deleted or sold amounted to \$64.4 million.
- Intangible assets including transfer from work in progress amounted to \$10.5 million.



The modified approach is used in reporting the City's bridges infrastructure system. The City's 2016 Infrastructure Assessment of Bridges and Tunnels Report reported that 69.3% of the City's structures have a grade of "B" or better and concluded that the current overall rating of the City structures are almost in compliance with the adopted City's Condition Level Policy. The planned costs for preservation and maintenance were \$2.9 million, but \$2.3 million was actually spent. See additional information in Note 1E of the Notes to the Basic Financial Statements. The required supplementary information for bridges is presented in the Required Supplementary Information.

#### Business-type Activities

- Airports' net capital assets increased by \$508.6 million, or 6.2%. Major capital assets activities included \$512.1 million renovations at Terminals 1 to 8; \$236.0 million and \$101.0 million for the construction of Midfield Satellite Concourse, runways and taxiways, respectively; \$88.5 million residential acquisition, soundproofing and noise mitigation; \$78.5 million interior improvements and security upgrades at the Tom Bradley International Terminal (TBIT) and Bradley West; \$50.1 million preconstruction activities related to the Landside Access Modernization Program; \$34.3 million improvements of elevators and escalators; \$34.1 million construction of TBIT baggage handling system; \$12.4 million construction of West Maintenance Facility; \$8.7 million Central Terminal Area curbside development; and \$5.5 million construction
- Harbor's net capital assets was \$3.9 billion in fiscal year 2017. The major capital assets activities during the fiscal year were: \$25.6 million mainly for the completion of Phases 2-4 of backland improvements at Berths 142-143, \$24.3 million completion of Berth 214-220 redevelopment, \$8.5 million completion of design and construction of C-Street/I-110 access ramp improvements, \$6.9 million design and construction of San Pedro and Wilmington waterfronts, and \$6.4 million various transportation projects and other facility and street improvements.
- During fiscal year 2017, Power's plant additions totaled \$930.0 million. Approximately \$343.0 million of the \$930.0 million in additions were construction work in progress (CWIP) expenditures and the remaining \$587.0 million were direct additions to utility plant categories. Major CWIP additions/expenditures during the year included \$18.0 million for 138 KV underground transmission cable, \$22.0 million for Scattergood Olympic cable, \$22.0 million Castaic Power Plant minor additions and betterments, \$20.0 million for Substation Automation Systems, and \$16.0 million to replace Sylmar Converter Station AC filters. About \$550.0 million in CWIP projects were transferred from CWIP to plant accounts. Transfers from CWIP included \$243.0 million for the Barren Ridge to Haskell Canyon 230 KV transmission line, \$69.0 million for infrastructure for smart grid project, \$46.0 million for refurbishment of Unit 7 at Castaic Power Plant, \$37.0 million for construction of new 138 KV rack positions at Receiving Station Q, \$36.0 million for Harbor to Gramercy lines 1 & 2, and \$27.0 million for transformer bank replacements at various receiving stations. The completion of these large projects along with current year CWIP additions caused the balance in the CWIP account to decrease to \$207.0 million. Direct additions were mostly related to improvements in distribution infrastructure as part of the Power System's Power Reliability Program (PRP). Approximately, \$454.0 million and \$47.0 million were direct additions to distribution and transmission plant accounts, respectively.
- Water added utility plant costs of \$695.0 million, of which approximately \$480.0 million were construction work in progress (CWIP) and the balance of \$215.0 million comprised direct additions to utility plant categories. Major CWIP additions included \$133.0 million for Owens Lake Dust Mitigation, \$50.0 million for River Supply Conduit Improvement Upper Reach, \$31.0 million for Headworks West Reservoir, \$30.0 million for mainline replacement program, and \$24.0 million for Elysian Reservoir water quality. Direct additions were mostly related to improvements in distribution infrastructure as part of Water's reliability program. This included replacement of mains, services and meters, installation of new fire hydrants, replacements and betterments of buildings that support water distribution, water recycling, trunk line, treatment and automated control systems improvements.

- Sewer capitalized \$369.4 million, including transfers from construction in progress. Of this amount, \$243.7 million was capitalized for treatment plants and equipment, \$94.3 million for project data collection systems, and \$31.4 million for pumping plants, site improvement, and other equipment and vehicles including maintenance yards. Total charges to construction in progress during the fiscal year was \$197.8 million. As of June 30, 2017, \$273.1 million of construction in progress charges had been capitalized.

Significant commitments that include construction contracts are discussed in Note 5C of the Notes to the Basic Financial Statements. As of June 30, 2017, the City’s contractual commitments for various capital projects amounted to \$156.8 million for governmental activities and \$337.4 million for business-type activities. The City’s policy affecting capital assets can be found in Note 1E of the Notes to the Basic Financial Statements. Additional information can be found in Note 4F.

**ECONOMIC FACTORS AFFECTING NEXT YEAR’S BUDGET**

The City’s fiscal year 2018 total adopted budget is \$9.3 billion. Of this amount, \$4.5 billion, (48.1%), is appropriated for departmental expenditures. The remainder of \$4.8 billion (51.9%) is appropriated for non-departmental expenditures such as human resources benefits, pension contribution, capital expenditures and debt service. The various sources of funds included in the budget are \$5.8 billion in General Fund receipts, \$2.8 billion in special fund revenue, \$693.3 million in special fund available balances, The fiscal year start Reserve Fund balance of \$334.2 million represents 5.99% of the General Fund receipts and met the City’s policy of setting aside at least 5.0% of General Fund receipts to the Reserve Fund. In addition, the total balance in the Budget Stabilization Fund is \$94.7 million.

The fiscal year 2018 General Fund budgeted receipts of \$5.8 billion projected an increase of \$191.3 million (3.4%) from fiscal year 2017 actual receipts, as follows (in millions):

	FY 2018 Budget	FY 2017 Receipts	Increase (Decrease)	
			Amount	Percentage
Taxes.....	\$ 4,293.7	\$ 4,202.9	\$ 90.8	2.2 %
Licenses, permits, fees and fines.....	1,187.9	1,054.2	133.7	12.7
Intergovernmental.....	21.6	13.1	8.5	64.9
Interest.....	24.0	21.1	2.9	13.7
Other.....	9.1	9.2	(0.1)	(1.1)
Transfers from other funds.....	290.2	334.7	(44.5)	(13.3)
<b>Total.....</b>	<b>\$ 5,826.5</b>	<b>\$ 5,635.2</b>	<b>\$ 191.3</b>	<b>3.4</b>

Note: Transfers from other funds include Reserve Fund, Power Fund and Special Parking Revenue Fund

The City uses independent revenue forecasts from local economists and other taxing jurisdictions to develop its revenue assumptions. The assumptions reflect continuation of moderate economic growth and improvement in the City’s ongoing revenue generation.

Fiscal year 2018 overall tax receipts are anticipated to increase by \$191.3 million or 3.4% from actual fiscal year 2017 revenue primarily from higher property, utility users', sales, business, transient occupancy, and documentary transfer tax receipts. Property tax receipts are projected to increase by \$13.4 million or 0.7% mainly due to an estimated increase in the City's total property assessed valuation. Utility users' taxes are estimated to go up by \$36.4 million or 5.8% from improvement in electricity users' tax revenue, which reflect higher rate and power usage assumptions made by the Department of Water and Power. Documentary transfer tax receipts are projected to increase by \$9.0 million based on projected sales and price trends. Transient occupancy tax revenue is estimated to go up by \$16.4 million or 6.2% in line with hotel industry forecast. Business tax receipts will decline due to the third and final year of tax rate reductions. Franchise income revenue increase of \$15.2 million or 35.4% mainly reflect new revenue from the first year of solid waste collection franchises for multi-family residences and commercial properties.

Other matters that are affecting and will affect the City's future operations are as follows:

Los Angeles County seasonally adjusted unemployment rate declined to 4.7% in October 2017 from 5.1% the previous year, slightly better than the statewide average of 4.9%. The Los Angeles County Economic Development Corporation (LAEDC) reports a positive short-term outlook. County employment is projected to grow at an average annual rate of 0.7 percent over the next five years with jobs across a range of industries. The pace of job growth is expected to slow as the labor market tightens and wages are anticipated to increase. With robust demand for housing, there will be continued upward pressure on home prices. However, sales of homes dipped due to affordability, along with limited housing inventory and tight credit.

The City Administrative Officer (CAO) reports to the Mayor and City Council on the status of the budget. On November 30, 2017, the CAO issued its Second Financial Status Report (FSR) and projected a \$32.0 million expenditure deficit, primarily due to higher than budgeted workers' compensation, stormwater pollution abatement fund on-call contractor account, lifeline and low-income subsidies for trash collection, and fire department salaries due to recent fires. Revenue is expected to remain close to plan except for previously identified lower revenue from electricity users' tax and certain special funds related cost reimbursements. Further action is required to implement budgeted billboard revenue and planning fee increases. It is anticipated that departments will be able to offset or absorb at least \$10 million of the \$32.0 million estimated deficit. Potential other budget balancing solutions will be proposed in the next FSR.

The Four-Year Budget Outlook (Outlook) is based on the existing budget, known major future expenditure commitments and projections of revenues and expenditures. The current Outlook projections assume revenue growth as a result of steady increases in employment, income, taxable sales and tourism. The Outlook forecasts a \$98.0 million and \$123.0 million gap in fiscal year 2019, approximately 1.6% of projected expenditures. The Outlook assumed no changes in current service levels, the size of the workforce and labor agreements effective through fiscal year 2018. Excluded in the Outlook are the expected increase to the City's required contribution to its retirement systems due to reductions in assumed investment rate of return and other cost assumptions, cleanwater compliance, and any future negotiated salary increases.

Other issues of concern relate to impact of policy changes that the Council may consider for short-term rentals and lawsuits related to gas users' tax and property tax increments calculated and distributed by the County of Los Angeles to local agencies. Ongoing litigation may potentially result in additional liability payments above budget. The City continues to monitor federal funding and fiscal impacts of tax reform legislation.

**REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, creditors, and other users with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Controller, 200 North Main Street, City Hall East Room 300, Los Angeles, CA 90012.

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# Basic Financial Statements

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**CITY OF LOS ANGELES**  
**Statement of Net Position**  
**June 30, 2017**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 4,493,755	\$ 3,124,830	\$ 7,618,585
Other Investments	3,613	22,282	25,895
Receivables, Net	2,207,631	1,688,146	3,895,777
Due from Fiduciary Funds	185	--	185
Inventories	33,158	214,064	247,222
Prepaid Items and Other Assets	8,889	784,350	793,239
Restricted Assets	19,739	4,045,793	4,065,532
Investment in Joint Ventures	--	5,732	5,732
Properties Held for Housing Development	111,870	--	111,870
Regulatory Assets	--	1,840,165	1,840,165
Net Other Postemployment Benefits Assets	--	979,434	979,434
Capital Assets			
Not Depreciated / Amortized	2,159,199	6,796,645	8,955,844
Depreciated / Amortized, Net	5,545,374	28,869,892	34,415,266
<b>TOTAL ASSETS</b>	<b>14,583,413</b>	<b>48,371,333</b>	<b>62,954,746</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows from Debt Refunding	63,419	218,024	281,443
Deferred Outflows from Derivative Instruments	--	39,837	39,837
Deferred Outflows from Pensions	2,364,810	1,830,226	4,195,036
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,428,229</b>	<b>2,088,087</b>	<b>4,516,316</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	464,035	1,364,902	1,828,937
Obligations Under Securities Lending Transactions	34,214	32,513	66,727
Accrued Interest Payable	25,877	344,724	370,601
Internal Balances	39,849	(39,849)	--
Unearned Revenue	32,307	--	32,307
Deposits and Advances	60,068	192,950	253,018
Other Liabilities	393,800	50,124	443,924
Advances from Fiduciary Funds	19,405	--	19,405
Derivative Instrument Liabilities	--	39,837	39,837
Net Pension Liability	7,071,117	3,197,067	10,268,184
Non-current Liabilities			
Due Within One Year	827,977	786,436	1,614,413
Due In More Than One Year	5,592,754	24,192,243	29,784,997
<b>TOTAL LIABILITIES</b>	<b>14,561,403</b>	<b>30,160,947</b>	<b>44,722,350</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows from Business Activities	--	103,627	103,627
Deferred Inflows from Debt Refunding	--	29,560	29,560
Deferred Inflows from Pensions	1,172,986	463,570	1,636,556
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,172,986</b>	<b>596,757</b>	<b>1,769,743</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,385,062	12,798,720	18,183,782
Restricted for:			
Capital Projects	98,258	--	98,258
Debt Service	181,685	1,172,984	1,354,669
Public Safety	161,194	--	161,194
Public Works and Sanitation	84,259	--	84,259
Transportation Programs	534,775	--	534,775
Culture and Recreation Activities	339,369	--	339,369
Community Development and Housing	1,071,975	--	1,071,975
Passenger/Customer Facility Charges	--	782,153	782,153
Other Postemployment Benefits	--	979,435	979,435
Other Purposes	--	486,803	486,803
Unrestricted (Deficit)	(6,579,324)	3,481,621	(3,097,703)
<b>TOTAL NET POSITION</b>	<b>\$ 1,277,253</b>	<b>\$ 19,701,716</b>	<b>\$ 20,978,969</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOS ANGELES**

**Statement of Activities**

**For the Fiscal Year Ended June 30, 2017**

(amounts expressed in thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
General Government	\$ 1,480,735	\$ 31,637	\$ --	\$ (1,440,833)	\$ --	\$ (1,440,833)
Protection of Persons and Property	3,348,298	148,040	405	(2,599,133)	--	(2,599,133)
Public Works	411,168	138,073	61,161	20,161	--	20,161
Health and Sanitation	478,040	20,365	2,419	110,685	--	110,685
Transportation	506,782	229,705	47,550	(43,141)	--	(43,141)
Cultural and Recreational Services	556,152	79	33,974	(318,380)	--	(318,380)
Community Development	242,636	207,054	--	158,986	--	158,986
Interest on Long-Term Debt	124,364	--	--	(124,364)	--	(124,364)
Total Governmental Activities	7,148,175	774,953	145,509	(4,236,019)	--	(4,236,019)
<b>Business-type Activities:</b>						
Airports	1,284,299	--	87,756	--	176,187	176,187
Harbor	412,315	--	18,801	--	81,018	81,018
Power	3,414,456	--	32,177	--	315,645	315,645
Water	1,049,397	--	31,184	--	100,334	100,334
Sewer	577,240	--	16,717	--	73,537	73,537
Convention Center	53,686	--	--	--	(6,513)	(6,513)
Total Business-type Activities	6,791,393	--	186,635	--	740,208	740,208
<b>Total</b>	<b>\$ 13,939,568</b>	<b>\$ 774,953</b>	<b>\$ 332,144</b>	<b>(4,236,019)</b>	<b>740,208</b>	<b>(3,495,811)</b>
<b>General Revenues:</b>						
Property Taxes				1,991,949	--	1,991,949
Utility Users' Taxes				629,952	--	629,952
Business Taxes				433,985	--	433,985
Other Taxes						
Documentary Transfer				211,693	--	211,693
Transient Occupancy				297,305	--	297,305
Parking Occupancy				112,587	--	112,587
Franchise Income				97,032	--	97,032
Miscellaneous				8,759	--	8,759
Grants and Contributions Not Restricted to Specific Programs						
Sales Taxes				538,651	--	538,651
Other				16,758	--	16,758
Unrestricted Investment Earnings					32,997	32,997
Other				63,831	386,934	450,765
Transfers				265,427	(265,427)	--
Special Item				--	(225,347)	(225,347)
Extraordinary Item				--	9,150	9,150
<b>Total General Revenues, Extraordinary/Special Items, and Transfers</b>				<b>4,669,220</b>	<b>(61,693)</b>	<b>4,607,527</b>
<b>Change in Net Position</b>				<b>433,201</b>	<b>678,515</b>	<b>1,111,716</b>
<b>Net Position - July 1</b>				<b>844,052</b>	<b>19,023,201</b>	<b>19,867,253</b>
<b>Net Position - June 30</b>				<b>\$ 1,277,253</b>	<b>\$ 19,701,716</b>	<b>\$ 20,978,969</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOS ANGELES**

**Balance Sheet  
Governmental Funds  
June 30, 2017**

(amounts expressed in thousands)

	<b>Municipal Improvement Corporation</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 1,137,680	\$ 104,371	\$ 53,079
Other Investments	--	--	3,613
Taxes Receivable			
(Net of Allowance for Uncollectibles of \$23,576)	650,932	--	--
Accounts Receivable			
(Net of Allowance for Uncollectibles of \$344,464)	116,666	--	--
Special Assessments Receivable	3,421	--	--
Investment Income Receivable	7,992	124	29
Intergovernmental Receivable	133,018	--	432
Loans Receivable			
(Net of Allowance for Uncollectibles of \$1,104,847)	--	--	--
Due from Other Funds	68,638	--	--
Inventories	33,158	--	--
Prepaid Items and Other Assets	5	58	--
Advances to Other Funds	12,317	--	108,784
Restricted Assets	--	--	--
Properties Held for Housing Development	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 2,163,827</b>	<b>\$ 104,553</b>	<b>\$ 165,937</b>
<b>LIABILITIES</b>			
Accounts, Contracts and Retainage Payable	\$ 87,887	\$ 8,519	\$ 207
Obligations Under Securities Lending Transactions	13,914	152	--
Accrued Salaries and Overtime Payable	192,538	--	--
Accrued Compensated Absences Payable	9,887	--	--
Claims and Judgments Payable	65,534	--	--
Intergovernmental Payable	579	--	--
Due to Other Funds	90,237	2,182	--
Unearned Revenue	421	--	--
Deposits and Advances	34,724	--	--
Interest Payable	--	--	--
Advances from Other Funds	24,032	--	--
Other Liabilities	143,892	1,204	--
Liability for Excess CRA Bond Proceeds	--	--	--
<b>TOTAL LIABILITIES</b>	<b>663,645</b>	<b>12,057</b>	<b>207</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Real Estate Tax	58,304	--	--
Taxes Other than Real Estate	348,324	--	--
Receivables from Other Government Agencies	121,432	--	--
Other Deferred Inflows of Resources	85,894	--	--
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>613,954</b>	<b>--</b>	<b>--</b>
<b>FUND BALANCES</b>			
Nonspendable	45,480	58	--
Restricted	--	92,438	165,730
Committed	9,723	--	--
Assigned	304,482	--	--
Unassigned	526,543	--	--
<b>TOTAL FUND BALANCES</b>	<b>886,228</b>	<b>92,496</b>	<b>165,730</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,163,827</b>	<b>\$ 104,553</b>	<b>\$ 165,937</b>

Continued...



**CITY OF LOS ANGELES**  
**Balance Sheet - (Continued)**  
**Governmental Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 3,198,625	\$ 4,493,755
Other Investments	--	3,613
Taxes Receivable		
(Net of Allowance for Uncollectibles of \$23,576)	14,476	665,408
Accounts Receivable		
(Net of Allowance for Uncollectibles of \$344,464)	114,737	231,403
Special Assessments Receivable	8,268	11,689
Investment Income Receivable	6,669	14,814
Intergovernmental Receivable	130,603	264,053
Loans Receivable		
(Net of Allowance for Uncollectibles of \$1,104,847)	1,020,264	1,020,264
Due from Other Funds	93,025	161,663
Inventories	--	33,158
Prepaid Items and Other Assets	8,826	8,889
Advances to Other Funds	397	121,498
Restricted Assets	19,739	19,739
Properties Held for Housing Development	111,870	111,870
<b>TOTAL ASSETS</b>	<b>\$ 4,727,499</b>	<b>\$ 7,161,816</b>
<b>LIABILITIES</b>		
Accounts, Contracts and Retainage Payable	\$ 147,386	\$ 243,999
Obligations Under Securities Lending Transactions	20,148	34,214
Accrued Salaries and Overtime Payable	23,514	216,052
Accrued Compensated Absences Payable	--	9,887
Claims and Judgments Payable	--	65,534
Intergovernmental Payable	3,405	3,984
Due to Other Funds	81,402	173,821
Unearned Revenue	31,886	32,307
Deposits and Advances	25,344	60,068
Interest Payable	282	282
Advances from Other Funds	144,377	168,409
Other Liabilities	166,513	311,609
Liability for Excess CRA Bond Proceeds	82,191	82,191
<b>TOTAL LIABILITIES</b>	<b>726,448</b>	<b>1,402,357</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Real Estate Tax	13,330	71,634
Taxes Other than Real Estate	1,434	349,758
Receivables from Other Government Agencies	110,424	231,856
Other Deferred Inflows of Resources	71,577	157,471
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>196,765</b>	<b>810,719</b>
<b>FUND BALANCES</b>		
Nonspendable	8,826	54,364
Restricted	2,787,764	3,045,932
Committed	1,080,301	1,090,024
Assigned	153	304,635
Unassigned	(72,758)	453,785
<b>TOTAL FUND BALANCES</b>	<b>3,804,286</b>	<b>4,948,740</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,727,499</b>	<b>\$ 7,161,816</b>

The notes to the financial statements are an integral part of this statement

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CITY OF LOS ANGELES

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2017  
(amounts expressed in thousands)

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<b>Total Fund Balances - Governmental Funds</b>	\$ 4,948,740
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,704,573
Deferred outflows of resources reported in the statement of net position, but not recognized in the governmental funds.	2,428,229
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues when earned in governmental activities.	810,719
Deferred inflows of resources reported in the statement of net position, but not recognized in the governmental funds.	(1,172,986)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(13,442,022)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 1,277,253</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOS ANGELES**

**Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>Municipal Improvement Corporation</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>REVENUES</b>			
Property Taxes	\$ 1,857,683	\$ --	\$ --
Sales Taxes	521,910	--	--
Utility Users' Taxes	611,160	--	--
Business Taxes	546,494	--	--
Other Taxes	641,755	--	--
Licenses and Permits	37,133	--	--
Intergovernmental	15,337	--	1,943
Charges for Services	243,379	--	--
Services to Enterprise Funds	328,511	--	--
Fines	147,023	--	--
Special Assessments	1,490	--	--
Investment Earnings	25,353	555	502
Change in Fair Value of Investments	(23,740)	(432)	(6)
Program Income	--	--	--
Other	54,116	--	7,793
<b>TOTAL REVENUES</b>	<b>5,007,604</b>	<b>123</b>	<b>10,232</b>
<b>EXPENDITURES</b>			
Current			
General Government	1,356,842	32	2,796
Protection of Persons and Property	2,874,117	--	--
Public Works	268,201	--	--
Health and Sanitation	87,722	--	--
Transportation	129,893	--	--
Cultural and Recreational Services	12,222	--	--
Community Development	79,002	--	--
Capital Outlay	23,359	170,404	--
Debt Service			
Principal	--	--	143,261
Interest	9,116	--	65,421
Cost of Issuance	931	98	230
<b>TOTAL EXPENDITURES</b>	<b>4,841,405</b>	<b>170,534</b>	<b>211,708</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>166,199</b>	<b>(170,411)</b>	<b>(201,476)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	297,649	--	188,250
Transfers Out	(603,044)	(1,711)	--
Issuance of Long-Term Debt	--	172,298	--
Issuance of Refunding Bonds	--	--	--
Payment to Refunding Bond Escrow Agent	--	--	--
Loans from HUD	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(305,395)</b>	<b>170,587</b>	<b>188,250</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(139,196)</b>	<b>176</b>	<b>(13,226)</b>
<b>FUND BALANCES, JULY 1</b>	<b>1,028,311</b>	<b>92,320</b>	<b>178,956</b>
<b>DECREASE IN RESERVE FOR INVENTORIES</b>	<b>(2,887)</b>	<b>--</b>	<b>--</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 886,228</b>	<b>\$ 92,496</b>	<b>\$ 165,730</b>

Continued...

**CITY OF LOS ANGELES**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - (Continued)**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>REVENUES</b>		
Property Taxes	\$ 134,899	\$ 1,992,582
Sales Taxes	--	521,910
Utility Users' Taxes	--	611,160
Business Taxes	--	546,494
Other Taxes	78,220	719,975
Licenses and Permits	59,963	97,096
Intergovernmental	787,784	805,064
Charges for Services	977,927	1,221,306
Services to Enterprise Funds	6,905	335,416
Fines	5,991	153,014
Special Assessments	144,623	146,113
Investment Earnings	30,125	56,535
Change in Fair Value of Investments	(31,736)	(55,914)
Program Income	36,741	36,741
Other	65,897	127,806
<b>TOTAL REVENUES</b>	<b>2,297,339</b>	<b>7,315,298</b>
<b>EXPENDITURES</b>		
Current		
General Government	19,716	1,379,386
Protection of Persons and Property	387,857	3,261,974
Public Works	146,242	414,443
Health and Sanitation	383,854	471,576
Transportation	304,922	434,815
Cultural and Recreational Services	478,308	490,530
Community Development	166,594	245,596
Capital Outlay	312,885	506,648
Debt Service		
Principal	154,928	298,189
Interest	45,820	120,357
Cost of Issuance	1,559	2,818
<b>TOTAL EXPENDITURES</b>	<b>2,402,685</b>	<b>7,626,332</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>		
<b>EXPENDITURES</b>	<b>(105,346)</b>	<b>(311,034)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	506,142	992,041
Transfers Out	(121,859)	(726,614)
Issuance of Long-Term Debt	--	172,298
Issuance of Refunding Bonds	143,815	143,815
Payment to Refunding Bond Escrow Agent	(142,256)	(142,256)
Loans from HUD	1,827	1,827
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>387,669</b>	<b>441,111</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>282,323</b>	<b>130,077</b>
<b>FUND BALANCES, JULY 1</b>	<b>3,521,963</b>	<b>4,821,550</b>
<b>INCREASE IN RESERVE FOR INVENTORIES</b>	<b>--</b>	<b>(2,887)</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 3,804,286</b>	<b>\$ 4,948,740</b>

The notes to the financial statements are an integral part of this statement.

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CITY OF LOS ANGELES

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

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**Net Change in Fund Balances - Total Governmental Funds** \$ 130,077

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 111,511

Amortization of losses on refunding of debt is reported as interest expense in governmental activities. 4,479

Change in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized as revenues for governmental activities. (36,806)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources. Amortization of bond premiums and discounts should be expensed as a component of interest expense on the statement of activities. Bond premiums received during the year are reported as fund financial resources but are deferred and amortized in the statement of activities. This amount represents the net accrued interest expense, deferral of bond premiums, and the amortization of bond premiums and discounts not reported in governmental funds.

Decrease in accrued interest expense	\$ 1,495	
Net deferral and amortization of bond premiums and discounts	<u>36,604</u>	
Total net interest expenses, deferral of bond premiums, and amortization of discount/premium		38,099

The issuance of long-term debt (e.g. bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 109,276

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (41,185)

Changes in net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions that do not require the use of current economic financial resources, and hence, are not reported in the governmental funds. 120,637

Decrease in reserve for inventory (2,887)

**Change in Net Position of Governmental Activities** \$ 433,201

The notes to the financial statements are an integral part of this statement.

**CITY OF LOS ANGELES**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 4,103,656	\$ 4,103,656	\$ 4,200,524	\$ 96,868
Licenses, Permits, Fees and Fines	1,075,482	1,095,875	1,054,244	(41,631)
Intergovernmental	13,653	13,653	11,809	(1,844)
Interest	19,700	19,700	21,041	1,341
Other	9,106	9,106	9,280	174
<b>TOTAL REVENUES</b>	<u>5,221,597</u>	<u>5,241,990</u>	<u>5,296,898</u>	<u>54,908</u>
<b>EXPENDITURES</b>				
Current				
General Government	1,590,981	1,771,058	1,678,467	92,591
Protection of Persons and Property	2,249,940	2,319,536	2,288,101	31,435
Public Works	360,235	384,535	351,615	32,920
Health and Sanitation	258,098	264,742	248,999	15,743
Transportation	160,165	162,856	152,027	10,829
Cultural and Recreational Services	40,443	41,749	38,328	3,421
Community Development	139,817	149,076	131,386	17,690
Pension and Retirement Contributions	2,890	2,560	2,560	--
Capital Outlay	57,268	68,776	9,528	59,248
<b>TOTAL EXPENDITURES</b>	<u>4,859,837</u>	<u>5,164,888</u>	<u>4,901,011</u>	<u>263,877</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>361,760</u>	<u>77,102</u>	<u>395,887</u>	<u>318,785</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	1,350,204	1,713,611	1,515,059	(198,552)
Loans from (to) Other Funds	--	3	(11,374)	(11,377)
Transfers to Other Funds	(1,747,129)	(1,790,716)	(1,780,813)	9,903
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(396,925)</u>	<u>(77,102)</u>	<u>(277,128)</u>	<u>(200,026)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(35,165)</u>	<u>--</u>	<u>118,759</u>	<u>118,759</u>
FUND BALANCE, JULY 1	35,165	35,165	--	(35,165)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(35,165)	--	35,165
Encumbrances Lapsed	--	--	28,912	28,912
Reversion to Reserve Fund	--	--	(147,671)	(147,671)
<b>FUND BALANCE, JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOS ANGELES**

**Statement of Net Position**

**Proprietary Funds**

**June 30, 2017**

**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Airports</b>	<b>Harbor</b>	<b>Power</b>	<b>Water</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, Pooled and Other Investments				
Unrestricted	\$ 773,590	\$ 619,413	\$ 991,182	\$ 320,977
Restricted	968,021	15,915	350,256	161,302
Investments Held by Escrow and Fiscal Agents				
Unrestricted	22,282	--	--	--
Restricted	924,494	--	--	--
Loans and Notes Receivable	136	--	48,512	--
Accounts Receivable				
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$ 277,950 )	1,625	34,324	345,043	80,679
Accrued Unbilled Revenue	44,501	--	194,833	96,632
Investment Income Receivable	4,759	1,986	2,015	686
Intergovernmental Receivable	21,996	920	2,054	356
Restricted Passenger/Customer Facility Charge Receivable	27,161	--	--	--
Due from Other Funds	2,849	--	8,602	--
Inventories	1,286	2,561	170,065	24,053
Prepaid Items and Other Assets	4,129	132	336,040	288,092
<b>TOTAL CURRENT ASSETS</b>	<b>2,796,829</b>	<b>675,251</b>	<b>2,448,602</b>	<b>972,777</b>
<b>NONCURRENT ASSETS</b>				
Restricted Assets				
Pooled Cash and Cash Equivalents, and Other Investments	--	9,840	312,267	406,237
Investments Held by Escrow and Fiscal Agents	17,585	62,283	592,887	50,011
Total Restricted Assets	17,585	72,123	905,154	456,248
Long-term Investment				
Investment in Joint Ventures	--	5,732	--	--
Capital Assets				
Land	1,014,058	1,108,023	201,905	171,766
Construction in Progress	1,207,826	144,697	658,992	1,402,561
Buildings, Facilities and Equipment	8,733,105	4,698,697	17,298,184	8,742,390
Natural Gas Field	--	--	198,145	--
Nuclear Fuel	--	--	41,465	--
Intangible Assets	51,153	25,360	177,640	--
Accumulated Depreciation	(2,259,852)	(2,051,693)	(7,803,778)	(2,762,711)
Total Capital Assets	8,746,290	3,925,084	10,772,553	7,554,006
Other Noncurrent Assets				
Loans and Notes Receivable	383	--	546,160	--
Intergovernmental Receivable	47,110	--	--	--
Advances to Other Funds	2,935	--	--	--
Regulatory Assets	--	--	1,370,153	470,012
Net Other Postemployment Benefits Assets	--	--	661,229	318,205
Other Assets	--	--	155,628	--
Total Other Noncurrent Assets	50,428	--	2,733,170	788,217
<b>TOTAL NONCURRENT ASSETS</b>	<b>8,814,303</b>	<b>4,002,939</b>	<b>14,410,877</b>	<b>8,798,471</b>
<b>TOTAL ASSETS</b>	<b>11,611,132</b>	<b>4,678,190</b>	<b>16,859,479</b>	<b>9,771,248</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows from Debt Refunding	38,550	16,700	23,728	26,335
Deferred Outflows from Derivative Instruments	--	--	14,640	--
Deferred Outflows from Pensions	206,553	62,875	1,059,869	500,929
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>245,103</b>	<b>79,575</b>	<b>1,098,237</b>	<b>527,264</b>

Continued...

**CITY OF LOS ANGELES**  
**Statement of Net Position - (Continued)**  
**Proprietary Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Nonmajor Convention Center</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash, Pooled and Other Investments			
Unrestricted	\$ 398,982	\$ 20,686	\$ 3,124,830
Restricted	68,826	--	1,564,320
Investments Held by Escrow and Fiscal Agents			
Unrestricted	--	--	22,282
Restricted	--	--	924,494
Loans and Notes Receivable	--	--	48,648
Accounts Receivable			
Accounts Receivable			
(Net of Allowance for Uncollectibles of \$ 277,950 )	115,999	4,170	581,840
Accrued Unbilled Revenue	47,704	--	383,670
Investment Income Receivable	862	69	10,377
Intergovernmental Receivable	152	--	25,478
Restricted Passenger/Customer Facility Charge Receivable	--	--	27,161
Due from Other Funds	14,807	--	26,258
Inventories	16,099	--	214,064
Prepaid Items and Other Assets	--	329	628,722
<b>TOTAL CURRENT ASSETS</b>	<b>663,431</b>	<b>25,254</b>	<b>7,582,144</b>
<b>NONCURRENT ASSETS</b>			
Restricted Assets			
Pooled Cash and Cash Equivalents, and Other Investments	102,562	--	830,906
Investments Held by Escrow and Fiscal Agents	3,307	--	726,073
Total Restricted Assets	105,869	--	1,556,979
Long-term Investment			
Investment in Joint Ventures	--	--	5,732
Capital Assets			
Land	40,859	139,592	2,676,203
Construction in Progress	406,314	--	3,820,390
Buildings, Facilities and Equipment	7,506,945	592,655	47,571,976
Natural Gas Field	--	--	198,145
Nuclear Fuel	--	--	41,465
Intangible Assets	--	--	254,153
Accumulated Depreciation	(3,727,420)	(290,341)	(18,895,795)
Total Capital Assets	4,226,698	441,906	35,666,537
Other Noncurrent Assets			
Loans and Notes Receivable	--	--	546,543
Intergovernmental Receivable	17,319	--	64,429
Advances to Other Funds	24,571	--	27,506
Regulatory Assets	--	--	1,840,165
Net Other Postemployment Benefits Assets	--	--	979,434
Other Assets	--	--	155,628
Total Other Noncurrent Assets	41,890	--	3,613,705
<b>TOTAL NONCURRENT ASSETS</b>	<b>4,374,457</b>	<b>441,906</b>	<b>40,842,953</b>
<b>TOTAL ASSETS</b>	<b>5,037,888</b>	<b>467,160</b>	<b>48,425,097</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows from Debt Refunding	112,711	--	218,024
Deferred Outflows from Derivative Instruments	25,197	--	39,837
Deferred Outflows from Pensions	--	--	1,830,226
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>137,908</b>	<b>--</b>	<b>2,088,087</b>

Continued...



**CITY OF LOS ANGELES**  
**Statement of Net Position - (Continued)**  
**Proprietary Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Airports</b>	<b>Harbor</b>	<b>Power</b>	<b>Water</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 234,887	\$ 34,677	\$ 374,919	\$ 103,425
Obligations Under Securities Lending Transactions	12,953	4,384	11,397	3,779
Accrued Salaries and Overtime Payable	18,137	7,280	67,215	22,916
Accrued Compensated Absences Payable	5,694	10,262	62,848	39,190
Due to Other Funds	--	--	--	8,602
Deposits and Advances	--	--	--	189,205
Accrued Interest Payable	31,529	18,023	182,192	101,068
Bonds and Notes Payable - Current Portion	107,850	37,615	243,049	101,251
Other Current Liabilities	189,873	67,879	38,044	261,274
<b>TOTAL CURRENT LIABILITIES</b>	<b>600,923</b>	<b>180,120</b>	<b>979,664</b>	<b>830,710</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Premiums and Discounts of \$1,755,639)	5,215,626	931,728	9,276,230	5,467,914
Net Pension Liability	774,356	231,325	1,492,508	698,878
Derivative Instrument Liabilities	--	--	14,640	--
Other Long-term Liabilities	121,918	119,152	67,410	32,021
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>6,111,900</b>	<b>1,282,205</b>	<b>10,850,788</b>	<b>6,198,813</b>
<b>TOTAL LIABILITIES</b>	<b>6,712,823</b>	<b>1,462,325</b>	<b>11,830,452</b>	<b>7,029,523</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows from Business Activities	--	--	103,627	--
Deferred Inflows from Debt Refunding	--	--	14,144	14,971
Deferred Inflows from Pensions	74,147	30,042	241,547	117,834
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>74,147</b>	<b>30,042</b>	<b>359,318</b>	<b>132,805</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,899,605	2,972,442	1,432,808	2,367,436
Restricted for:				
Debt Service	423,327	62,255	600,623	66,005
Passenger/Customer Facility Charges	782,153	--	--	--
Other Postemployment Benefits	--	--	661,230	318,205
Other Purposes	187,360	--	222,220	29,171
Unrestricted (Deficit)	(223,180)	230,701	2,851,065	355,367
<b>TOTAL NET POSITION</b>	<b>\$ 5,069,265</b>	<b>\$ 3,265,398</b>	<b>\$ 5,767,946</b>	<b>\$ 3,136,184</b>

Continued...

**CITY OF LOS ANGELES**  
**Statement of Net Position - (Continued)**  
**Proprietary Funds**  
**June 30, 2017**  
(amounts expressed in thousands)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Nonmajor Convention Center</b>	<b>Total</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts, Contracts and Retainage Payable	\$ 57,410	\$ 2,622	\$ 807,940
Obligations Under Securities Lending Transactions	--	--	32,513
Accrued Salaries and Overtime Payable	--	485	116,033
Accrued Compensated Absences Payable	--	595	118,589
Due to Other Funds	5,313	--	13,915
Deposits and Advances	--	3,745	192,950
Accrued Interest Payable	11,912	--	344,724
Bonds and Notes Payable - Current Portion	95,754	--	585,519
Other Current Liabilities	16,311	--	573,381
<b>TOTAL CURRENT LIABILITIES</b>	<b>186,700</b>	<b>7,447</b>	<b>2,785,564</b>
<b>LONG-TERM LIABILITIES</b>			
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Premiums and Discounts of \$1,755,639)	2,924,614	--	23,816,112
Net Pension Liability	--	--	3,197,067
Derivative Instrument Liabilities	25,197	--	39,837
Other Long-term Liabilities	35,630	--	376,131
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>2,985,441</b>	<b>--</b>	<b>27,429,147</b>
<b>TOTAL LIABILITIES</b>	<b>3,172,141</b>	<b>7,447</b>	<b>30,214,711</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows from Business Activities	--	--	103,627
Deferred Inflows from Debt Refunding	445	--	29,560
Deferred Inflows from Pensions	--	--	463,570
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>445</b>	<b>--</b>	<b>596,757</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,684,523	441,906	12,798,720
Restricted for:			
Debt Service	20,774	--	1,172,984
Passenger/Customer Facility Charges	--	--	782,153
Other Postemployment Benefits	--	--	979,435
Other Purposes	48,052	--	486,803
Unrestricted (Deficit)	249,861	17,807	3,481,621
<b>TOTAL NET POSITION</b>	<b>\$ 2,003,210</b>	<b>\$ 459,713</b>	<b>\$ 19,701,716</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOS ANGELES**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Airports</b>	<b>Harbor</b>	<b>Power</b>	<b>Water</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 265,828	\$ 398,255	\$ 3,697,924	\$ 1,118,547
Rent, Concessions and Royalties	1,069,383	51,341	--	--
Other Operating Revenues	37,519	24,936	--	--
<b>TOTAL OPERATING REVENUES</b>	<b>1,372,730</b>	<b>474,532</b>	<b>3,697,924</b>	<b>1,118,547</b>
<b>OPERATING EXPENSES</b>				
Fuel for Generation	--	--	292,557	--
Purchased Power/Water	--	--	1,165,303	194,699
Maintenance and Repairs	--	--	277,771	151,124
Operating and Administrative	778,198	227,675	829,347	354,787
Depreciation and Amortization	309,126	172,895	521,220	156,809
<b>TOTAL OPERATING EXPENSES</b>	<b>1,087,324</b>	<b>400,570</b>	<b>3,086,198</b>	<b>857,419</b>
<b>OPERATING INCOME (LOSS)</b>	<b>285,406</b>	<b>73,962</b>	<b>611,726</b>	<b>261,128</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	4,275	3,280	21,848	3,262
Interest Expense	(194,482)	(604)	(326,023)	(186,788)
Other Income (Expenses), Net	214,053	(1,146)	101,565	31,715
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>23,846</b>	<b>1,530</b>	<b>(202,610)</b>	<b>(151,811)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, TRANSFERS, AND SPECIAL/EXTRAORDINARY ITEMS</b>	<b>309,252</b>	<b>75,492</b>	<b>409,116</b>	<b>109,317</b>
Capital Contributions	87,756	18,801	32,177	31,184
Transfers Out	--	--	(264,427)	--
Special Item	(225,347)	--	--	--
Extraordinary Item	--	9,150	--	--
<b>CHANGE IN NET POSITION</b>	<b>171,661</b>	<b>103,443</b>	<b>176,866</b>	<b>140,501</b>
<b>NET POSITION, JULY 1</b>	<b>4,897,604</b>	<b>3,161,955</b>	<b>5,591,080</b>	<b>2,995,683</b>
<b>NET POSITION, JUNE 30</b>	<b>\$ 5,069,265</b>	<b>\$ 3,265,398</b>	<b>\$ 5,767,946</b>	<b>\$ 3,136,184</b>

Continued...

**CITY OF LOS ANGELES**  
**Statement of Revenues, Expenses and Changes in Fund Net Position (Continued)**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Nonmajor Convention Center</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 629,404	\$ 5,497	\$ 6,115,455
Rent, Concessions and Royalties	--	26,985	1,147,709
Other Operating Revenues	4,656	14,691	81,802
<b>TOTAL OPERATING REVENUES</b>	<b>634,060</b>	<b>47,173</b>	<b>7,344,966</b>
<b>OPERATING EXPENSES</b>			
Fuel for Generation	--	--	292,557
Purchased Power/Water	--	--	1,360,002
Maintenance and Repairs	--	1,930	430,825
Operating and Administrative	303,483	39,334	2,532,824
Depreciation and Amortization	153,875	12,422	1,326,347
<b>TOTAL OPERATING EXPENSES</b>	<b>457,358</b>	<b>53,686</b>	<b>5,942,555</b>
<b>OPERATING INCOME (LOSS)</b>	<b>176,702</b>	<b>(6,513)</b>	<b>1,402,411</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	316	16	32,997
Interest Expense	(101,067)	--	(808,964)
Other Income (Expenses), Net	873	--	347,060
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(99,878)</b>	<b>16</b>	<b>(428,907)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, TRANSFERS, AND SPECIAL/EXTRAORDINARY ITEMS</b>	<b>76,824</b>	<b>(6,497)</b>	<b>973,504</b>
Capital Contributions	16,717	--	186,635
Transfers Out	--	(1,000)	(265,427)
Special Item	--	--	(225,347)
Extraordinary Item	--	--	9,150
<b>CHANGE IN NET POSITION</b>	<b>93,541</b>	<b>(7,497)</b>	<b>678,515</b>
<b>NET POSITION, JULY 1</b>	<b>1,909,669</b>	<b>467,210</b>	<b>19,023,201</b>
<b>NET POSITION, JUNE 30</b>	<b>\$ 2,003,210</b>	<b>\$ 459,713</b>	<b>\$ 19,701,716</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOS ANGELES**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Airports</b>	<b>Harbor</b>	<b>Power</b>	<b>Water</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 1,402,455	\$ 482,432	\$ 3,703,247	\$ 1,150,949
Receipts for Interfund Services	--	--	621,693	489,925
Payments to Suppliers	(242,641)	(52,626)	(2,005,772)	(448,081)
Payments to Employees	(435,848)	(115,671)	(555,045)	(286,551)
Payments for Interfund Services	(106,949)	(39,554)	(807,059)	(664,030)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>617,017</b>	<b>274,581</b>	<b>957,064</b>	<b>242,212</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers Out	--	--	(264,427)	--
Interest Paid on Noncapital Revenue Bonds	--	--	(4,697)	--
Cash Received from Non-Capital Grants	11,556	1,199	--	--
Cash Used for Ontario Transfer	(28,573)	--	--	--
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(17,017)</b>	<b>1,199</b>	<b>(269,124)</b>	<b>--</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(1,067,365)	(111,717)	(980,433)	(687,490)
Proceeds from Sale of Capital Assets	--	76	--	--
Receipts from Passenger/Customer Facility Charges	194,392	--	--	--
Proceeds from Sale of Bonds and Notes	495,515	--	588,322	656,348
Payments on Bonds and Notes - Interest	(244,694)	(60,340)	(374,183)	(206,288)
Payments on Bonds and Notes - Principal	(101,196)	(30,434)	(153,915)	(61,391)
Payments of Bonds and Notes Expenses	(1,156)	--	--	--
Receipts from Bond Sinking Fund	--	33,486	--	--
Capital Contributions/Grants Received	100,205	27,980	36,888	31,183
Federal Bond Subsidies	--	--	33,472	17,252
Extraordinary Item	--	9,150	--	--
<b>NET CASH PROVIDED (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(624,299)</b>	<b>(131,799)</b>	<b>(849,849)</b>	<b>(250,386)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	6,214	1,880	32,018	3,180
Cash Collateral Paid Under Securities Lending Transactions	(18,293)	(3,545)	(31,101)	(3,707)
(Purchase) Sale of Investment Securities	54,687	26,142	(885,835)	(83,622)
Proceeds from Maturities of Investment Securities	--	--	884,926	67,233
Proceeds from Notes Receivable	--	--	21,747	--
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>42,608</b>	<b>24,477</b>	<b>21,755</b>	<b>(16,916)</b>

Continued...

**CITY OF LOS ANGELES**  
**Statement of Cash Flows - (Continued)**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Nonmajor Convention Center</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 626,360	\$ 45,627	\$ 7,411,070
Receipts for Interfund Services	11,517	--	1,123,135
Payments to Suppliers	(48,614)	(21,657)	(2,819,391)
Payments to Employees	--	(13,870)	(1,406,985)
Payments for Interfund Services	(245,502)	(5,987)	(1,869,081)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>343,761</b>	<b>4,113</b>	<b>2,438,748</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers Out	--	(1,000)	(265,427)
Interest Paid on Noncapital Revenue Bonds	--	--	(4,697)
Cash Received from Non-Capital Grants	16,328	--	29,083
Cash Used for Ontario Transfer	--	--	(28,573)
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b>16,328</b>	<b>(1,000)</b>	<b>(269,614)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(289,249)	(1,786)	(3,138,040)
Proceeds from Sale of Capital Assets	--	--	76
Receipts from Passenger/Customer Facility Charges	--	--	194,392
Proceeds from Sale of Bonds and Notes	250,708	--	1,990,893
Payments on Bonds and Notes - Interest	(116,380)	--	(1,001,885)
Payments on Bonds and Notes - Principal	(90,779)	--	(437,715)
Payments of Bonds and Notes Expenses	(2,823)	--	(3,979)
Receipts from Bond Sinking Fund	--	--	33,486
Capital Contributions/Grants Received	22,343	--	218,599
Federal Bond Subsidies	4,394	--	55,118
Extraordinary Item	--	--	9,150
<b>NET CASH PROVIDED (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(221,786)</b>	<b>(1,786)</b>	<b>(2,079,905)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment Income	3,661	--	46,953
Cash Collateral Paid Under Securities Lending Transactions	--	--	(56,646)
(Purchase) Sale of Investment Securities	--	--	(888,628)
Proceeds from Maturities of Investment Securities	--	--	952,159
Proceeds from Notes Receivable	--	--	21,747
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>3,661</b>	<b>--</b>	<b>75,585</b>

Continued...

**CITY OF LOS ANGELES**  
**Statement of Cash Flows - (Continued)**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Airports</b>	<b>Harbor</b>	<b>Power</b>	<b>Water</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 18,309	\$ 168,458	\$ (140,154)	\$ (25,090)
CASH AND CASH EQUIVALENTS, JULY 1	2,670,078	466,870	1,793,859	913,606
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<b>\$ 2,688,387</b>	<b>\$ 635,328</b>	<b>\$ 1,653,705</b>	<b>\$ 888,516</b>
<b>CASH AND CASH EQUIVALENTS COMPONENTS</b>				
Unrestricted Cash, Pooled and Other Investments	\$ 773,590	\$ 619,413	\$ 991,182	\$ 320,977
Restricted Cash, Pooled and Other Investments	968,021	15,915	662,523	567,539
Unrestricted Investments Held by Escrow and Fiscal Agents	22,282	--	--	--
Restricted Investments Held by Escrow and Fiscal Agents	924,494	--	--	--
<b>TOTAL CASH AND CASH EQUIVALENTS, JUNE 30</b>	<b>\$ 2,688,387</b>	<b>\$ 635,328</b>	<b>\$ 1,653,705</b>	<b>\$ 888,516</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 285,406	\$ 73,962	\$ 611,726	\$ 261,128
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation and Amortization	309,126	172,895	521,220	156,809
Depletion	--	--	15,617	--
Amortization of Nuclear Fuel	--	--	13,610	--
Bad Debts Provision (Recovery)	(1,033)	6,010	34,847	13,637
Cash Provided by Other Nonoperating Revenues	--	--	60,955	19,513
Cash Provided (Used) in Other Nonoperating Expenses	3,898	--	(2,235)	(5,191)
Decrease (Increase) in Assets				
Loans Receivable	173	--	--	--
Accounts Receivable	12,128	1,892	(81,393)	(14,733)
Accrued Unbilled Revenue	(1,811)	--	1,699	(4,384)
Due from Other Funds	--	--	(684)	--
Inventories	--	216	48,489	(4,269)
Prepaid Items and Other Current Assets	386	95	(888,239)	(1,414)
Other Assets	--	--	--	(48,059)
Increase (Decrease) in Liabilities and Deferred Amounts				
Accounts, Contracts and Retainage Payable	(25,719)	1,048	70,102	(169,282)
Accrued Salaries and Overtime Payable	1,708	106	6,676	4,688
Accrued Compensated Absences Payable	798	--	3,017	1,637
Due to Other Funds	--	--	--	684
Deferred Inflows, Credits and Other Liabilities	--	15,550	(179,686)	--
Net Pension Liability and Related Changes in Deferred Outflows and Inflows of Resources	17,452	2,807	721,343	--
Other Liabilities	14,505	--	--	31,448
<b>TOTAL ADJUSTMENTS</b>	<b>331,611</b>	<b>200,619</b>	<b>345,338</b>	<b>(18,916)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 617,017</b>	<b>\$ 274,581</b>	<b>\$ 957,064</b>	<b>\$ 242,212</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Net Proceeds of Refunding Bonds Deposited with an Irrevocable Trust Account	\$ 224,967	\$ 230,506	\$ 399,700	\$ 276,800
Defeased Debt and Costs Paid Through Escrow with Revenue Bonds	(224,967)	(230,506)	395,600	(275,200)
Acquisition of Capital Assets Included in Accounts and Contracts Payable	146,095	5,166	10,652	2,591
Contributions received in relation to capital assets	12,449	--	--	--
Write-off (Loss) On Discontinued Construction Project	--	773	--	--
Amortization of Deferred Charges on Refunding Sewage Disposal Contracts Capital Contributions	--	--	--	--

Continued...

**CITY OF LOS ANGELES**  
**Statement of Cash Flows - (Continued)**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Nonmajor Convention Center</b>	<b>Total</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 141,964	\$ 1,327	\$ 164,814
CASH AND CASH EQUIVALENTS, JULY 1	428,406	19,359	6,292,178
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<b>\$ 570,370</b>	<b>\$ 20,686</b>	<b>\$ 6,456,992</b>
<b>CASH AND CASH EQUIVALENTS COMPONENTS</b>			
Unrestricted Cash, Pooled and Other Investments	\$ 398,982	\$ 20,686	\$ 3,124,830
Restricted Cash, Pooled and Other Investments	171,388	--	2,385,386
Unrestricted Investments Held by Escrow and Fiscal Agents	--	--	22,282
Restricted Investments Held by Escrow and Fiscal Agents	--	--	924,494
<b>TOTAL CASH AND CASH EQUIVALENTS, JUNE 30</b>	<b>\$ 570,370</b>	<b>\$ 20,686</b>	<b>\$ 6,456,992</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 176,702	\$ (6,513)	\$ 1,402,411
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation and Amortization	153,875	12,422	1,326,347
Depletion	--	--	15,617
Amortization of Nuclear Fuel	--	--	13,610
Bad Debts Provision (Recovery)	3,504	--	56,965
Cash Provided by Other Nonoperating Revenues	--	--	80,468
Cash Provided (Used) in Other Nonoperating Expenses	--	--	(3,528)
Decrease (Increase) in Assets			
Loans Receivable	--	--	173
Accounts Receivable	(9,364)	(2,262)	(93,732)
Accrued Unbilled Revenue	--	--	(4,496)
Due from Other Funds	--	--	(684)
Inventories	(550)	--	43,886
Prepaid Items and Other Current Assets	--	530	(888,642)
Other Assets	--	--	(48,059)
Increase (Decrease) in Liabilities and Deferred Amounts			
Accounts, Contracts and Retainage Payable	9,917	(946)	(114,880)
Accrued Salaries and Overtime Payable	--	146	13,324
Accrued Compensated Absences Payable	--	20	5,472
Due to Other Funds	11,517	--	12,201
Deferred Inflows, Credits and Other Liabilities	(1,840)	716	(165,260)
Net Pension Liability and Related Changes in Deferred Outflows and Inflows of Resources	--	--	741,602
Other Liabilities	--	--	45,953
<b>TOTAL ADJUSTMENTS</b>	<b>167,059</b>	<b>10,626</b>	<b>1,036,337</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 343,761</b>	<b>\$ 4,113</b>	<b>\$ 2,438,748</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Net Proceeds of Refunding Bonds Deposited with an Irrevocable Trust Account	\$ 253,635	\$ --	\$ 1,385,608
Defeased Debt and Costs Paid Through Escrow with Revenue Bonds	--	--	(335,073)
Acquisition of Capital Assets Included in Accounts and Contracts Payable	28,308	--	192,812
Contributions received in relation to capital assets	--	--	12,449
Write-off (Loss) On Discontinued Construction Project	129	--	902
Amortization of Deferred Charges on Refunding	8,931	--	8,931
Sewage Disposal Contracts Capital Contributions	3,138	--	3,138

The notes to the financial statements are an integral part of this statement.



**CITY OF LOS ANGELES**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017  
(amounts expressed in thousands)**

	<b>Pension and Other Postemployment Benefits Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 18,195	\$ 323,720
Accounts Receivable	85,565	62,877
Special Assessments Receivable	--	239
Investment Income Receivable	147,521	144
Due from Brokers	477,805	--
Investments	53,196,218	456
Advances to Other Funds	--	19,450
Prepaid Expense	8	--
Prepaid Health Subsidy	9,625	--
Capital Assets (Net of Accumulated Depreciation of \$3,184)	33,164	--
<b>TOTAL ASSETS</b>	<b>53,968,101</b>	<b>\$ 406,886</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	77,736	\$ --
Benefits in Process of Payment	14,856	--
Due to Brokers	738,546	--
Fiduciary Liabilities	--	222,905
Obligations Under Securities Lending Transactions	3,277,696	1,812
Due to Other Funds	--	185
Advances from Other Funds	--	45
Mortgage Loan Payable - Current Portion	2,879	--
Mortgage Loan Payable - Noncurrent Portion	202,004	--
Deposits and Advances	26	181,939
<b>TOTAL LIABILITIES</b>	<b>4,313,743</b>	<b>\$ 406,886</b>
<b>NET POSITION</b>		
Restricted for Pension and Other Postemployment Benefits		
Benefit Pension Plans	43,563,010	
Disability Plan	47,195	
Death Benefit Plan	27,584	
Postemployment Healthcare Plans	6,016,569	
<b>TOTAL NET POSITION</b>	<b>\$ 49,654,358</b>	

The notes to the financial statements are an integral part of this statement.

**CITY OF LOS ANGELES**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>Pension and Other Postemployment Benefits Trust Funds</b>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 1,683,784
Plan Member	440,481
Other	3,475
Total Contributions	2,127,740
Investment Income	
Net Appreciation in Fair Value of Investments	4,893,847
Interest Income	347,974
Income from Alternative Investments	23,873
Dividend Income	529,094
Securities Lending Income	28,174
Other Investment Income	85,739
Income from Real Estate Investment	96,199
Investment Income	6,004,900
Investment Expense	(198,097)
Securities Lending Expense	(6,323)
Net Investment Income	5,800,480
<b>TOTAL ADDITIONS</b>	<b>7,928,220</b>
<b>DEDUCTIONS</b>	
Benefit Payments	2,617,680
Refunds of Member Contributions	18,424
Administrative Expenses	48,928
<b>TOTAL DEDUCTIONS</b>	<b>2,685,032</b>
<b>CHANGE IN NET POSITION</b>	
Benefit Pension Plans	4,490,710
Disability Plan	(292)
Death Benefit Plan	(601)
Postemployment Healthcare Plans	753,371
<b>TOTAL CHANGE IN NET POSITION</b>	<b>5,243,188</b>
Net Position Restricted for Pension and Postemployment Benefits, July 1	
Benefit Pension Plans	39,072,300
Disability Plan	47,487
Death Benefit Plan	28,185
Postemployment Healthcare Plans	5,263,198
<b>NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30</b>	<b>\$ 49,654,358</b>

The notes to the financial statements are an integral part of this statement.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

The Notes to the Basic Financial Statements (Notes) include disclosures considered necessary for a better understanding of the accompanying basic financial statements. An index to the Notes follows:

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

The City of Los Angeles (City) was incorporated in 1850 under the provisions of a city charter. The current Charter was approved by the electorate on June 8, 1999 and became operative on July 1, 2000.

The City operates under a mayor-council form of government. As Executive Officer, the Mayor supervises the administrative process of the City and works with the Council in matters relating to legislation, budget, and finance. As governing body of the City, the 15-member full-time Council enacts ordinances, levies taxes, approves utility rates, authorizes contracts and public improvements, adopts zoning and other land use controls, and provides the necessary resources for the budgetary departments and offices of the City. Council action is subject to the approval or veto of the Mayor and Council may override a mayoral veto by a two-thirds vote. The Charter provides for an independently elected City Attorney and independently elected City Controller.

Public services provided by the City include: police; fire and emergency medical services; residential refuse collection and disposal, wastewater collection and treatment, street maintenance, and other public works functions; enforcement of ordinances and statutes relating to building safety; public libraries; recreation and parks; community and economic development; housing and aging services; land use planning; airports; harbor; power and water services; sewer, and the convention center.

**B. Reporting Entity**

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization's governing body and is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

**Blended Component Unit**

Although the following is legally separate from the City, it has been "blended" as though it is part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component unit provides services entirely, or almost entirely, to the City; or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Municipal Improvement Corporation of Los Angeles

The Municipal Improvement Corporation of Los Angeles (MICLA) is a non-profit corporation formed in 1984 for the sole purpose of providing financial assistance to the City for the acquisition of property and equipment, and the construction of buildings and other improvements, for the benefit of the public, through the issuance of revenue bonds, certificates of participation and commercial paper notes. MICLA's Board of Directors (Board) consists of five members. Appointments to fill vacancies are made by the Board, subject to City Council approval. Board members do not receive compensation. The City indemnifies Board members for any liabilities occurring in connection with the performance of their duties. MICLA is reported as a major special revenue and debt service fund.

**Investment in Joint Ventures**

The following entities are joint ventures of the Department of Harbor:

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)  
Alameda Corridor Transportation Authority (ACTA)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Excluded Organizations**

Jointly Governed Organizations

The Los Angeles Memorial Coliseum Commission (Commission) was created by a joint powers agreement between the City, County, and the California Museum of Science and Industry. Its purpose is to provide for the operation and maintenance of the Coliseum. The Commission is not a City function and operates independent of City oversight and financial accountability. City appointees comprise 33% of the Commission.

The Los Angeles Homeless Services Authority (LAHSA) was created by a joint exercise of powers agreement with the County to provide homeless services to residents. It is governed by a ten-member commission. Five members are appointed by the City and five by the County Board of Supervisors. LAHSA operates independently of City oversight and financial accountability.

Related Organization

The Housing Authority of the City of Los Angeles (HACLA) is an organization for which the City has appointed the voting majority of the members of the governing body but for which the City is not financially accountable.

The City retains and exercises its authority over the entity only as provided by the Municipal Code and Federal laws. The entity is fiscally independent from the City. The City is unable to impose its will on the daily operations of the entity. The City's accountability to this entity is limited to removal of a commissioner by the Mayor or the entire board by the City Council for cause and under due process.

**Separately Audited Financial Statements**

City Departments and Component Unit

Separately audited financial statements may be obtained through the Office of the City Controller, 200 North Main Street, Room 300, Los Angeles, California 90012, for the following:

- Department of Airports (Airports)
- Department of Harbor (Harbor)
- Department of Water and Power (DWP)
- Sewer Construction and Maintenance Fund (Sewer)
- Los Angeles City Employees' Retirement System (LACERS)
- Fire and Police Pension System (Pensions)
- Water and Power Employees' Retirement, Disability and  
Death Benefit Insurance Plans (DWP Plans)
- Municipal Improvement Corporation of Los Angeles (MICLA)

Jointly Governed and Related Organizations

Coliseum Commission: 500 West Temple Street, Los Angeles, CA 90012  
LAHSA: 811 Wilshire Blvd., 6<sup>th</sup> Floor, Los Angeles, CA 90017  
HACLA: 2600 Wilshire Blvd., Los Angeles, CA 90057

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's business-type activities and certain other governmental functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Included in the direct expenses are indirect costs, such as fringe benefits, administrative overhead, and liability claims, which were automatically allocated to the specific function or program. Charges for workers' compensation, telephone and information technology services, postage, and fleet services are not allocated and are included as part of the general government functional activity. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided; and operating and capital grants and contributions, including special assessments, that are restricted to meeting operational or capital requirements of a particular function or segment. Revenues that do not meet the criteria to be reported as program revenues are reported as general revenues. All taxes, even those levied for a specific purpose, are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Funds and Pension and Other Postemployment Benefits Trust Funds financial statements. Agency funds do not have a measurement focus but are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due, while expenditures related to compensated absences, claims and judgments, and landfill closure and postclosure care costs are recognized to the extent that they are normally expected to be liquidated with expendable available resources and are due and payable at year-end.

Revenues susceptible to accrual are property taxes, business taxes, sales taxes, utility users' taxes, transient occupancy tax, charges for services, special assessments, franchise income, licenses and permits, interest income, and Federal and State grants and subventions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from Federal and State grants and subventions are recognized when applicable eligibility requirements, including time requirements, are met and the resources are available.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services while operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

The *MICLA Special Revenue and Debt Service Funds* account for the activity of the City's public financing entity component unit, which finances the acquisition of real property and equipment, the construction of buildings, and other improvements for the benefit of the public. The assets acquired or constructed by MICLA are leased to the City under long-term capital lease agreements and become property of the City at the termination of the lease. MICLA derives its operating revenues primarily from rental income (interest portion) paid by the City. The effects of the capital lease arrangements have been eliminated from the basic financial statements.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City reports the following major enterprise funds:

The *Airports Fund* accounts for the operation, maintenance and development of City airports: Los Angeles International Airport, and Van Nuys Airport.

The *Harbor Fund* accounts for the operations of the Harbor formed for the purpose of providing shipping, fishing, recreational, and other resources and benefits for the enjoyment of the citizens of California.

The *Power and Water Funds* account for the operations of DWP in supplying the City and its inhabitants with water and electric power by constructing, operating, and maintaining facilities located throughout the City, and Inyo and Mono Counties.

The *Sewer Fund* accounts for the construction, operations, and maintenance of the City's wastewater collection and treatment system.

The City reports the Convention Center Fund as nonmajor enterprise fund. The Convention Center Fund accounts for the operation of the Los Angeles Convention Center and exhibition hall and other related facilities.

Additionally, the City reports the following fund types:

The *Pension and Other Postemployment Benefits Trust Funds* account for the activities of the City's three single-employer defined benefit pension plans, namely: Fire and Police Pension Plan; Los Angeles City Employees' Retirement Plan; and Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan; and defined benefit postemployment plans provided through the defined benefit pension plans, namely: Fire and Police Health Subsidy Plan, Los Angeles City Employees' Postemployment Healthcare Plan, and Water and Power Employees' Retiree Health Benefits Plan, respectively.

The *Agency Funds* account for assets held by the City as an agent for others, such as Federal and State income taxes withheld from employees and assessments for payments of certain conduit debt.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position****Cash and Cash Equivalents**

For purposes of the statement of cash flows, all proprietary fund cash and pooled investments with the City Treasurer, cash deposits and other short-term investments that are both readily convertible to known amounts of cash and have maturities of three months or less at the time of purchase, are considered to be cash and cash equivalents. These were reported in the proprietary funds statement of net position as restricted noncurrent assets.

**Inventories**

Inventories for materials and supplies, valued on an average cost for the governmental activities and governmental funds, consist of expendable supplies held for consumption and are recorded as expenditures when purchased in the fund financial statements, but are recorded as expenses when consumed in the government-wide statement of activities.

For the business-type activities and proprietary funds, inventories for materials and supplies are stated at the lower of average cost or market value except for Airports, which uses cost on a first-in, first-out basis. Fuel is recorded at the lower of cost or market value on an average cost basis.

**Restricted Assets**

For governmental activities and governmental funds, assets of \$19.7 million are classified as restricted because their use is limited to activities related to low and moderate income housing projects.

Business-type activities' and proprietary funds' restricted assets of \$4.0 billion include amounts restricted for accumulated resources for debt service payments, nuclear decommissioning trust, natural gas trust, hazardous waste treatment trust, Southern California Public Power Authority (SCPPA) Palo Verde Investment Fund, self-insurance, bond security, and construction funds, China Shipping and Community Mitigation Trust Funds, Narcotics/ Customs Enforcement Forfeiture Fund, and Clean Truck Program Fee Fund.

**Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g. streets and bridges) are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and in the proprietary funds statement of net position. Generally, assets with an individual cost of at least \$5,000 and an estimated useful life of more than one year are capitalized. Purchased or constructed capital assets, and intangible assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by donation are recorded at estimated acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The business-type activities and proprietary funds capitalize interest costs as well as preliminary development costs of capital projects incurred prior to the finalization of formal construction contracts.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Airports capitalizes interest costs of bond proceeds used during construction net of interest earnings on the temporary investment of tax-exempt bond proceeds. Net interest capitalized in fiscal year 2017 was \$34.7 million. Airports also capitalizes preliminary costs of capital projects incurred prior to the finalization of formal construction contracts.

Harbor capitalizes interest costs incurred on indebtedness issued in connection with the acquisition, development, and construction or improvement of capital assets, net of interest revenue on reinvested debt proceeds. Interest capitalized in fiscal year 2017 was \$35.5 million. Indirect project costs allocated to construction projects of \$18.3 million in fiscal year 2017 were also capitalized.

Power and Water provide an "allowance for funds used during construction (AFUDC)", which represents the cost of borrowed funds used for the construction of utility plant. The average AFUDC rates as of June 30, 2017 for Power and Water were 3.5% and 3.3% respectively.

Depreciation, which includes amortization of assets under capital leases, is computed using the straight-line method over the estimated useful or service lives of the related assets, except as noted below.

Decommissioning of a nuclear power plant, in which the City has an ownership interest, is expected to commence subsequent to the year 2044. The decommissioning estimate is based on updated site-specific study prepared by an independent consultant in 2013, escalated to year 2017 dollars. As of June 30, 2017, Power has recorded \$153.0 million to accumulated depreciation to provide for the decommissioning liability. During fiscal year 2000, Power suspended contributing additional amounts to the decommissioning trust funds, as management believes that contributions to date combined with reinvested earnings, will be sufficient to fully fund Power's share of decommissioning costs. The fair value of the decommissioning funds totaled \$133.8 million as of June 30, 2017.

Power's nuclear fuel is amortized and charged to fuel for generation on the basis of actual thermal energy produced relative to total thermal energy expected to be produced over the life of the fuel.

In July 2005, Power acquired approximately a 74.5% ownership interest in gas properties located in Pinedale, Wyoming. Power uses the successful efforts method of accounting for its investment in gas producing properties. Costs to acquire the mineral interest in gas producing properties, to drill and equip exploratory wells that find proven reserves, and to drill and equip development wells are capitalized. Costs to drill exploratory wells that do not find proven reserves are expensed. Capitalized costs of gas producing properties are depleted by the unit-of-production method based on the estimated future production of the proven wells. Depletion expense related to the gas field is recorded as a component of fuel for generation expense. During fiscal year 2017, Power recorded \$16.0 million of depletion expense.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The estimated useful lives of the primary government’s capital assets are as follows:

Category	Governmental Activities	Business-type Activities
Infrastructure	10 - 138 years	--
Buildings and facilities	20 - 40 years	10 - 75 years
Equipment and vehicles	3 - 20 years	3 - 20 years
Wastewater collection system	--	80 years
Landplane ports	--	10 - 35 years
Power distribution, hydraulic and steam production, transmission plants	--	4 - 75 years
Treatment and pumping plants	--	5 - 50 years
Wharves and sheds	--	15 - 30 years
Intangible assets	5 - 22 years	20 years

The City’s collection of artwork, certain scientific equipment, and zoo animals are not capitalized or depreciated. These capital assets are maintained for public exhibition, education or research, and are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other items for collection.

The City’s infrastructure assets and the reporting methods the City has elected are as follows:

Infrastructure	Reporting Method
Bridges	Modified
Stormwater system	Depreciation
Streets	Depreciation
Traffic signals	Depreciation
Automated traffic signal and control	Depreciation
Bikepaths	Depreciation
Fiber optic telecommunication system	Depreciation
Street lighting system	Depreciation
Street pavement markings	Depreciation
Traffic signs	Depreciation

The modified approach is used in reporting the City’s bridges infrastructure system. A comprehensive bridge database system, the Bridges and Tunnel System, enables the City to track the entire bridge inventory, the structural condition of various bridge elements, and bridge sufficiency ratings. Condition assessments of these structures are completed in a three-year cycle. The latest assessment report was as of July 1, 2016. A system of letter grades identifies the condition of each structure. Letter grades “A” through “D” represent the condition of the structure as Very Good, Good to Fair, Fair to Poor, and Very Poor. “F” rating symbolizes a failed condition where replacement of the structure is necessary. These letter grades are based on sufficiency ratings, or the overall condition of the structure based on the last inspection. It is the City’s policy that at least 70% of the bridges are rated “B” or better and that no bridge shall be rated less than “D”. It is also the intent of the City that at least 80% of bridges be rated “B” or better by 2020.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City performs regular inspection and maintenance of the various structural elements for any defects. Funds for annual estimated inspection, maintenance and repair costs are provided in the City's budget. Bridges infrastructure system is excluded in the determination of depreciation provisions for capital assets, while preservation and maintenance costs are charged to expense. Additional information for the condition ratings of City bridges, sufficiency ratings, estimated and actual maintenance, and preservation costs are found in the Required Supplementary Information.

Pensions' land and building were acquired in July 2013 for \$12.7 million, additional land for parking acquired in December 2015 for \$3.8 million, and capital improvements amounting to \$8.5 million as of June 30, 2017. Pensions' new headquarter was occupied in fiscal year 2016 that provided long-term control over its future space needs and lease costs. Computer software represents the cost of developing Pensions' retirement information system which is expected to be completed by 2018.

LACERS' office furniture, equipment and software includes costs for developing the LACERS' new Pension Administration System (PAS). The PAS project is still in process and had capitalized costs of \$6.2 million as of June 30, 2017. Office furniture and equipment acquisitions of at least \$5,000 are capitalized and depreciated over five years.

**Compensated Absences**

Accrued Vacation and Sick Leave

Eligible civilian employees accumulate vacation leave up to a maximum of 400 hours depending on the length of service. Fire and Police sworn employees accumulate vacation from 128 hours to 900 hours and 120 hours to 600 hours, respectively. All employees are paid their accumulated leave upon termination or retirement.

All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary funds financial statements. For the governmental funds, earned vacation is recorded as expenditures to the extent that they are normally expected to be liquidated with expendable available resources and are due and payable at year-end. Also, for governmental activities, earned vacation is generally liquidated by the General Fund.

City employees (except those of the DWP) are entitled to 96 hours of sick leave at full pay and 40 hours at 75% of full pay for each calendar year of employment. Sworn employees are entitled also to 40 hours at 50% of full pay. Employees may accumulate sick leave up to 800 hours at full pay and 800 hours at 75% of full pay. The City pays 50% of the excess over the maximum accumulated 800 hours at full pay in the subsequent calendar year. Upon retirement, the City pays 50% of the accumulated sick time at full pay. There is no provision for the payment of the accumulated sick time at 75% of full pay. Firefighters under Memorandums of Understandings (MOU) 22 and 23 may accumulate up to 1,632 hours at full pay.

DWP employees accumulate 40 hours of sick leave per year to a maximum of 80 hours. Any excess over the maximum is paid to the employee at 100% of their current salary rate. The employee goes on disability after taking ten consecutive days of sick leave.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Vacation and sick leave are accrued as determined by the agreement between the City and the respective employees' collective bargaining group. For governmental funds, compensated absence obligations are recorded in the appropriate governmental funds when due. The portion not currently due is recorded in the government-wide financial statements. For proprietary funds, compensated absences are expensed when earned by employees. At year-end, the accrued but unpaid compensated absence obligations are recorded as current and non-current liabilities in the appropriate proprietary funds.

**Accumulated Compensated Time-Off**

Accumulated compensated time-off is reported in the government-wide financial statements. For governmental funds, expenditures are recognized to the extent that they are normally expected to be liquidated with expendable available resources and are due and payable at year-end. Also, for governmental activities, accumulated compensated time-off is generally liquidated by the General Fund.

**Regulatory Assets and Liabilities**

Regulatory assets and liabilities were created by Power and Water by deferring certain expenses and revenues that are recoverable or payable by future rate charges in accordance with current rate ordinances, so as to evenly match the recognition of revenue and expenses with the electric and water rates charged to retail customers.

**Other Assets**

Other assets of Power of \$155.6 million as of June 30, 2017 represent future receivables from customers related to costs incurred for renewable energy projects and the investments made in power reliability. The 2012 and 2016 Electric Rate Ordinance allowed these costs to be recovered through current rates. The costs are amortized over a ten-year period and are expected to be fully recovered by 2022.

**Risk Management**

The City is self-administered and self-funded for workers' compensation, most property damage, and the majority of tort liability exposures. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. Indemnity and insurance protection is also required from all City contractors, vendors, lessees and permit holders.

Claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The recorded estimated liability for claims and judgments includes a provision for incurred but not reported (IBNR) liabilities for workers' compensation, tort cases and liabilities for allocated expenses. For the governmental funds, only that portion of the liability is recognized that is normally expected to be liquidated with expendable available resources and is due and payable at year-end. Also, for governmental activities, liability for claims and judgments is generally liquidated by the General Fund.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from refunding of debt are reported as deferred inflows or outflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of these balances is recorded as a component of interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Property Taxes**

Secured property taxes are levied on or before the first business day of September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10.

Secured property taxes that are delinquent and unpaid as of June 30 are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property can be sold at public auction. The proceeds are used to pay the delinquent amounts due, and any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates but are generally due within one year. Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1 and become delinquent, if unpaid, on August 31. The County assesses, bills, and collects property taxes for all jurisdictions within its borders and remits the applicable portion less an administrative fee to the City throughout the year. Payments are normally remitted on the 20<sup>th</sup> day of the month.

**Interfund Transactions**

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination in the government-wide financial statements. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Equity**

In the fund financial statements, governmental funds report fund balances based on the extent to which the City is bound to observe constraints on the use of the governmental funds' resources. Fund balances are classified as follows:

- Nonspendable - includes amounts that are either 1) not in spendable form, or 2) legally or contractually required to be maintained intact. Inventories, prepaid items, and certain advances to other funds are classified as nonspendable fund balances.
- Restricted - includes amounts that can only be used for specific purposes due to constraints imposed by external resource providers or by enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed - includes amounts that can be used for specific purposes pursuant to an ordinance passed by the Council and approved by the Mayor. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- Assigned - includes amounts that are not classified as nonspendable, restricted or committed, but are intended to be used by the City for specific purposes. Intent is expressed by action of the Council to assign amounts to be used for specific purposes. The Council may authorize executive officers to assign fund balances for specific purposes through Council files.
- Unassigned - includes amounts that are not assigned to other funds and do not meet the criteria for being classified as restricted, committed, or assigned in the General Fund. Fund balances that can be utilized for economic stabilization, emergencies and contingencies that do not qualify as restricted or committed are reported as unassigned. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance categories, fund balance is depleted in the order of restricted, committed, assigned and unassigned.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund balances for all the major and nonmajor governmental funds as of June 30, 2017, were distributed as follows (in thousands):

	MICLA			NonMajor Governmental Funds	Totals
	General	Special Revenue	Debt Service		
<b>Nonspendable</b>					
Advances to Other Funds	\$ 12,317	\$ --	\$ --	\$ --	\$ 12,317
Inventories	33,158	--	--	--	33,158
Prepaid Items and Other Assets	5	58	--	8,826	8,889
	<u>45,480</u>	<u>58</u>	<u>--</u>	<u>8,826</u>	<u>54,364</u>
<b>Restricted</b>					
Affordable Housing, Community Development and Services	--	--	--	1,163,832	1,163,832
Debt Service	--	--	165,730	166,250	331,980
Fee Supported Programs	--	--	--	6,666	6,666
Fire and Crime Prevention and Emergency Services	--	--	--	39,440	39,440
Fire and Police Facilities	--	--	--	78,303	78,303
Governmental Functions and Services	--	--	--	31,721	31,721
Library and Cultural Activities	--	--	--	55,894	55,894
Other Capital Projects and Improvements	--	92,438	--	38,541	130,979
Recreation and Parks	--	--	--	504,923	504,923
Stormwater and Sanitation Projects and Services	--	--	--	177,215	177,215
Street Projects and Maintenance	--	--	--	30,185	30,185
Transit Projects and Services	--	--	--	494,794	494,794
	<u>--</u>	<u>92,438</u>	<u>165,730</u>	<u>2,787,764</u>	<u>3,045,932</u>
<b>Committed</b>					
Affordable Housing, Community Development and Services	7,706	--	--	224,890	232,596
Fee Supported Programs	--	--	--	414,206	414,206
Fire and Crime Prevention and Emergency Services	1,909	--	--	9,793	11,702
Governmental Functions and Services	108	--	--	63,888	63,996
Library and Cultural Activities	--	--	--	18,984	18,984
Other Capital Projects and Improvements	--	--	--	6,371	6,371
Recreation and Parks	--	--	--	44,940	44,940
Stormwater and Sanitation Projects and Services	--	--	--	268,663	268,663
Transit Projects and Services	--	--	--	28,566	28,566
	<u>9,723</u>	<u>--</u>	<u>--</u>	<u>1,080,301</u>	<u>1,090,024</u>
<b>Assigned</b>					
Affordable Housing, Community Development and Services	231	--	--	15	246
Fire and Crime Prevention and Emergency Services	4,017	--	--	--	4,017
Governmental Functions and Services	227,111	--	--	138	227,249
Library and Cultural Activities	2,271	--	--	--	2,271
Other Capital Projects and Improvements	4,360	--	--	--	4,360
Community and Economic Development	9,873	--	--	--	9,873
Health and Sanitation	3,831	--	--	--	3,831
Public Safety	34,023	--	--	--	34,023
Public Works and Transportation	18,765	--	--	--	18,765
	<u>304,482</u>	<u>--</u>	<u>--</u>	<u>153</u>	<u>304,635</u>
<b>Unassigned</b>					
Economic Stabilization	94,760	--	--	--	94,760
Reserve, Emergency and Contingency	431,783	--	--	--	431,783
Unassigned	--	--	--	(72,758)	(72,758)
	<u>526,543</u>	<u>--</u>	<u>--</u>	<u>(72,758)</u>	<u>453,785</u>
	<u>\$ 886,228</u>	<u>\$ 92,496</u>	<u>\$ 165,730</u>	<u>\$ 3,804,286</u>	<u>\$ 4,948,740</u>

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Reserve Fund is where unrestricted cash is set aside outside the budget for unforeseen expenditures and emergencies. The Charter and Administrative Code provide for a Reserve Fund Policy which establishes an Emergency Reserve Account and a Contingency Reserve Account.

Funds for urgent economic necessity based on a significant economic downturn after the budget is completed or an earthquake or other natural disaster are provided in the Emergency Reserve Account. To utilize funds from this account, a finding by the Mayor, with confirmation by the Council will be required, as well as a determination that no other viable sources of funds are available.

The Contingency Reserve Account provides additional funding in the event that there are unanticipated expenses or revenue shortfalls impacting programs approved in the current year budget. Funds must be appropriated by a vote of at least a majority of the Council with mayoral concurrence, or by a super-majority of the Council in the event of a mayoral veto.

The Reserve Fund Policy establishes a goal for the Reserve Fund of 5% of the budgeted general receipts, with a minimum of 2.75% in the Emergency Account, and any additional funds allocated to the Contingency Reserve Account.

As of June 30, 2017, the City's Emergency and Contingency Reserve cash accounts were \$153.3 million and \$261.5 million respectively.

The Charter also establishes a Budget Stabilization Fund (BSF). The intent of the BSF is to moderate fluctuations in revenue, prevent overspending during prosperous years, and provide resources to help maintain service levels during lean years.

On June 7, 2013, the Mayor and Council adopted a BSF Policy (C.F. 13-0455). The policy requires that a deposit into the BSF be made in amount equivalent to any gross of the City's seven general tax revenue sources that exceeds 3.4%, as based on the prior year's adopted budget. The policy includes exceptions to deposit requirements in the following circumstances: 1) to maintain the Reserve Fund level at 5% of the General Fund; 2) to meet the 1% infrastructure investment requirement (Capital Improvement Expenditure Program Policy); 3) in the event a fiscal emergency is declared by the Mayor and Council; and 4) if the policy is suspended or by a two-thirds vote by the Council after veto by the Mayor, based on findings that the best interest of the City require such suspension.

The BSF policy restricts expenditures from BSF to no more than 25% of the BSF in any one fiscal year during which there is no declared fiscal emergency, and would allow the City to use the BSF and Reserve funds which are in excess of 15% of the General Fund budget for certain one-time uses such as capital projects, infrastructure repairs, debt repayment, payment of litigation settlements, and equipment purchases. The amount transferred or appropriated may exceed 25% of the balance in the BSF if a fiscal emergency is declared by the Mayor and Council or if the policy is suspended based on same conditions in the preceding paragraph.

The City's BSF does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the BSF is reported as unassigned fund balance in the General Fund. As of June 30, 2017, the BSF's fund balance was \$94.8 million.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Deferred Outflows/Inflows of Resources**

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unamortized portions of the gain and loss on refunding debt are reported as deferred inflows and deferred outflows of resources, respectively. Deferred outflows of resources are reported for loss on debt refunding, changes in the fair value of hedging derivative instruments and changes related to pensions from the implementation of GASB Statement No. 68. Deferred inflows of resources are reported for changes related to pensions from the implementation of GASB Statement No. 68, gains on debt refunding, and regulated business activities. In addition to this, when an asset is recorded in the governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by Pensions, LACERS, and DWP Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information as of the measurement date of June 30, 2016.

Power reported deferred inflows of resources from business activities of \$103.6 million at June 30, 2017, which pertain to revenues collected from customers where funds are deferred for future stabilization or deferred because the earnings process is not complete, consistent with accounting standards applicable to regulated utilities. For the year ended June 30, 2017, Power recognized \$74.0 million of these revenues.

**Net Position**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- Net investment in capital assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.
- Restricted net position - This category represents either external restrictions imposed by creditors (such as bond covenants), grantors, contributors, or laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2017, the governmental activities restricted net position totaled \$2.5 billion, of which \$810.6 million is restricted by enabling legislation. Business-type activities' restricted net position totaled \$3.4 billion, of which \$994.3 million is restricted by enabling legislation.
- Unrestricted net position - This category represents net position of the City that is not "restricted" or "net investment in capital assets."

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

**Reclassifications**

Certain reclassifications have been made to amounts reported in the governmental funds and separately audited financial statements of certain proprietary funds, Pension and Other Postemployment Benefits Trust funds, and other component units to conform to the City reporting entity's report format and to account for transactions between the City's reporting entity and such entities in accordance with GAAP.

**Adoption of New GASB Pronouncements**

The primary government adopted the following in fiscal year 2017:

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." Issued in June 2015, this statement establishes financial reporting standards for governments that provide postemployment benefits other than pensions (OPEB) that are administered through trusts or equivalent arrangements. This statement did not have an impact on the City's financial statements in fiscal year 2017.

GASB Statement No. 77, "Tax Abatement Disclosures." Issued in August 2015, this statement requires disclosure of tax abatement information about reporting a government's own tax abatement agreement and those that are entered into by other governments and that reduce the reporting government's tax revenues.

The City has several economic development incentive agreements with entities that proposed to develop businesses within the City and rehabilitate various property structures in order to provide economic stimulus and increase the net tax revenue base of the City.

As of June 30, 2017, the City had entered into six development incentive agreements. Each of these agreements is for a term of up to 25 years. The projects are projected to provide new General Fund tax revenues to the City including but not limited to property taxes, sales taxes, utility users taxes, gross receipts taxes, parking occupancy taxes, transient occupancy taxes and construction related tax revenues. Certain portions of the projected new General Fund tax revenues are used by the City in providing project financing to the developers. City policy maintains that the financial assistance payments to the developers must be no more than 50% of the net new revenues generated by the project during the term of the agreement.

As of June 30, 2017, there are 871 existing Mills Act contracts in the City. The City receives new Mills Act applications annually and approved 28 new contracts in fiscal year 2017. Existing contracts are renewed annually for a minimum term of ten years.

Additional Information on tax abatement is found in Note 4S of the Notes to the Basic Financial Statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.” Issued in December 2015, the objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68 associated with pensions provided through certain cost-sharing multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Such plans are not considered a state or local government pension plan and are used to provide benefits to both employees of state and local governments and employees of employers that are not state or local governments. This statement did not have an impact on the City’s financial statements in fiscal year 2017.

GASB Statement No. 80, “Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14.” Issued in January 2016, this statement establishes an additional blending requirement for the financial statement presentation of component units. A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member. This statement did not have an impact on the City’s financial statements in fiscal year 2017.

GASB Statement No. 82, “Pension Issues-an amendment of GASB Statements No. 67, No. 68 and No. 73.” Issued in March 2016, this statement clarifies certain issues with respect to the presentation of payroll-related measures in the required supplementary information. This statement requires the presentation of covered payroll instead of covered-employee payroll relative to disclosures in the required supplementary information. It also clarifies the use of the term deviation as used in the Actuarial Standards of Practice issued by the Actuarial Standards Board and clarifies the classification of employer-paid member contributions.

**Recent GASB Pronouncements**

The City is currently analyzing its accounting practice to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” Issued in June 2015, this statement establishes new accounting and financial reporting standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for OPEB. This statement provides guidance on the methods and assumptions required to be used for projecting OPEB benefit payments, discounting projected benefits to actuarial present values, and note disclosures on OPEB and OPEB related transactions. This statement is effective for the City beginning fiscal year 2018.

GASB Statement No. 81, “Irrevocable Split-Interest Agreements.” Issued in March 2016, this statement establishes standards for accounting and reporting of assets, liabilities and deferred inflows of resources for irrevocable split-interest agreements created through trusts-or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements. This statement is effective for the City beginning fiscal year 2018.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 83, “Certain Asset Retirement Obligations.” Issued in November 2016, this statement addresses the recognition of asset retirement obligations (ARO) as well as related deferred outflows of resources when the liability is both incurred and reasonably estimable. It also requires ARO to be measured based on the best estimate of the current value of outlays expected to be incurred. It also requires disclosure of information about the ARO, the methods and assumptions used for the estimated liability, and the estimated remaining useful life of the associated tangible capital assets. This statement is effective for the City in fiscal year 2019.

GASB Statement No. 84, “Fiduciary Activities.” Issued in January 2017, this statement aims to improve the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It establishes criteria for identifying fiduciary activities of all state and local governments. This also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This statement is effective for the City in fiscal year 2020.

GASB Statement No. 85, “Omnibus 2017.” Issued in March 2017, this statement aims to address practice issues that have been identified during implementation and application of certain GASB Statements. It addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. This statement is effective for the City in fiscal year 2018.

GASB Statement No. 86, “Certain Debt Extinguishment Issues.” Issued in May 2017, this statement aims to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with on existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. It also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement is effective for the City in fiscal year 2018.

GASB Statement No. 87, “Leases.” Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. This statement is effective for the City in fiscal year 2021.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS****A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position**

The governmental funds balance sheet includes reconciliation between *total fund balances-governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$13,442,022 difference are as follows (in thousands):

Bonds, Certificates of Participation, and Notes	\$ 2,732,664
Add: Issuance Premium/Discount (to be amortized as interest expenses)	206,264
HUD Loans	105,659
Accrued Interest Payable	25,595
Accrued Compensated Absences	590,247
Estimated Claims and Judgments Payable	2,483,692
Accrued Landfill Liability	46,080
Estimated Pollution Remediation Liability	47,679
Net Pension Liability	7,071,117
Net OPEB Obligation	<u>133,025</u>
Net adjustments to reduce governmental fund balance to arrive at governmental activities net position	<u>\$ 13,442,022</u>

**B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental funds statement of revenues, expenditures and changes in fund balances includes reconciliation between *net change in fund balances-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$111,511 difference are as follows (in thousands):

Capital Outlay	\$ 506,648
Less: Capital outlay not capitalized	(99,650)
Depreciation expense	<u>(295,487)</u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	<u>\$ 111,511</u>

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(Continued)**

Another element of that reconciliation states that the issuance of long-term debt provides current financial resources to the governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. The details of this \$109,276 difference are as follows (in thousands):

Debt issued or incurred		
General and Judgment Obligation Bonds	\$	(143,815)
Certificates of Participation, Revenue Bonds, and Notes		(39,298)
MICLA Commercial Paper Notes		(133,000)
Principal repayments and bond refunding		
General and Judgment Obligation Bonds		221,400
Certificates of Participation, Revenue Bonds, and Notes		159,501
MICLA Commercial Paper Notes		14,300
HUD Loans		30,188
		<u>          </u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	\$	<u>109,276</u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$41,185 difference are as follows (in thousands):

Increase in Accrued Compensated Absences	\$	29,792
Decrease in Estimated Claims and Judgments		(3,775)
Increase in Accrued Landfill Liability		2,918
Increase in Pollution Remediation Liability		12,250
		<u>          </u>
Net adjustments to decrease net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	\$	<u>41,185</u>



**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgets and Budgetary Basis of Accounting**

Under the City Charter, the Mayor is required each year to submit to the Council a proposed budget by April 20th for the forthcoming fiscal year commencing July 1st. The proposed budget is based on the Mayor's budget priorities, the responses of the City Administrative Officer and City departments to the Mayor's Budget Policy Letter, which is distributed early in the fiscal year, and estimates of receipts from the City's various revenue sources. The Council's Budget and Finance Committee reviews the Mayor's Proposed Budget and reports its recommendations to the full Council. The Council must legally adopt the Mayor's Proposed Budget, as modified by the Council, by June 1st. The Mayor has five working days after adoption to approve or veto any items modified by the Council. The Council then has five working days to override by a two-thirds vote any items changed by the Mayor.

The City Council adopts an annual operating budget for 36 City departments, bureaus, and offices. The annual budget is essentially prepared on a departmental basis, with budgeted receipts and appropriations provided for the General Fund and certain Special Revenue, Debt Service, and Capital Projects Funds. Budgets are generally limited to funds, which in addition to the General Fund finance the operations of the City departments.

Furthermore, the budgeted receipts and appropriations for the Allocations from Other Governmental Agencies nonmajor special revenue fund (which includes Animal Sterilization Fund, ARRA EECBG Fund Housing, ARRA Energy Efficiency and Conservation, ARRA Neighborhood Stabilization, ATSAC Trust Fund, Audit Repayment, Bus Bench Advertising, Business Improvement Trust, CalHome Trust, CDD Section 108 Loan Guarantee, City Attorney Consumer Protection, City Health Commission Trust, City Planning System Development, Coastal Transportation Corridor Trust, Construction Services Trust, CPUC Gas Company, CRA Non-Housing Bond Proceeds, Enterprise Zone Tax Credit Vouchers, Expedited Fee Trust, Federal Emergency Shelter Grant, Foreclosure Registry Program, Healthy Homes 1, Housing Production Revolving Fund, Housing Small Grants and Awards, HUD Connections Grant, Industrial Development Authority, Innovation Fund, Integrated Solid Waste Management, LA Performance Partnership Pilot, LA Regional Initiative for Social Enterprise, LEAD Grant 10, LEAD Grand Nine, LEAD Grant 11, Los Angeles Regional Agency Trust, Low and Moderate Income Housing, MICLA 2016 Streetlights Construction, Neighborhood Stabilization Program 3, Neighborhood Stabilization Program, Off-Site Sign Periodic Inspection Fee, Permit Parking Program Revenue, Pershing Square Trust, Planning Long-Range Plan, Repair and Demolition, Street Banners Revenue, Temporary Assistance for Needy Families, Traffic Safety Education Program, Transportation Regulation and Enforcement, Used Oil Collection, Ventura/Cahuenga Corridor Plan, Warner Center Transportation Trust, West LA Transportation Improvement and Mitigation, and Workforce Innovation Fund) is not all-inclusive because the budget provides for only the portion of fund receipts that are expended to finance City department operations.

The City does not budget for the financial activities of all its Governmental Funds. The following Governmental Funds are not included in the City's legally adopted annual operating budget:

General Fund

Reserve and certain other account components

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

Special Revenue

Major Fund:

Municipal Improvement Corporation

Nonmajor Funds:

Recreation and Parks

Seismic Bond Reimbursement

Low and Moderate Income Housing Fund

Transportation Grants

Certain Other Section 108 Loan Guarantee Program Funds

Certain Other Nonmajor Grant Funds

Certain Other Nonmajor Special Revenue Funds

Debt Service

Major Fund:

Municipal Improvement Corporation

Nonmajor Funds:

GOB Refunding Series 2016-A

Solid Waste Resources

Certain Convention Center Funds

Certain Other Nonmajor Debt Service Funds

Capital Projects

Nonmajor Funds:

General Obligation Bonds Series 2003-A

General Obligation Bonds Series 2004-A

General Obligation Bonds Series 2005-A

General Obligation Bonds Series 2006-A

General Obligation Bonds Series 2008-A

General Obligation Bonds Series 2009-A

General Obligation Bonds Series 2011-A

Recreation and Parks Grant

Parks Assessment

Certain Other Nonmajor Capital Project Funds

For the majority of the funds listed above, expenditure authority is approved by Council action during the fiscal year.

The City's original adopted budget is subject to revision to reflect the changes in revenue projections and to make necessary adjustments to appropriations. Transfers of appropriations are approved by the Mayor subject to certain limitations and conditions. Funds appropriated in the general City budget or thereafter by the Council may be transferred to the Reserve Fund or Unappropriated Balance of the General Fund, or appropriated for the same or other purposes amending the budget and other spending authority, upon approval of the Mayor. The City permits intra-departmental transfer between department accounts in an amount not to exceed the limit of \$52,189 or 1% of the budget for the account receiving the transfer, whichever is greater. Approval of the Mayor is required for transfers between departments and/or funds in an amount not to exceed \$50,000. Transfers above these limits require Council approval.

During the fiscal year, capital related appropriations of \$73.5 million that were reappropriated from prior budget years were included in the current annual operating budget.

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

Unused and unencumbered appropriations lapsed at year-end with the exception of non-capital related continuing appropriations for certain Special Revenue and Capital Projects Funds that are carried forward to the next budget year. Capital related appropriations that are unused and unencumbered at year-end are reappropriated in the subsequent budget year.

The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is as follows: The General Fund is by line item within each object by department, except for capital improvement program expenditures, which are controlled by projects. Object levels of expenditures are salaries, expense, equipment, special, capital outlay, and transfers. For the Special Revenue Funds, Debt Service Funds and Capital Projects Funds, the line items consist of departments, projects, debt service, equipment and programs. Because of the large volume of detail, the budget and actual schedules on a budgetary basis have been aggregated by fund and function in the combining and individual fund budgetary schedules in this Comprehensive Annual Financial Report (CAFR).

The City's annual budget is prepared on a modified cash basis of accounting, which is different from GAAP. Revenues are recognized when cash is received, and expenditures include both cash disbursements and current year encumbered appropriations that have not been paid at the end of the budget year. Where no appropriation is adopted, payments of interfund borrowings (or payment of loans to other funds), though recorded as a component of other financing uses, are not treated as budgetary transactions and are excluded in the separate budget and actual statements.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the Governmental Funds, except for certain Special Revenue and Capital Projects Funds whose assets are managed by a third-party trustee. Encumbrances outstanding at year-end for specific purposes for which resources have been restricted, committed, or assigned will be included within those classifications. Encumbrances outstanding for which resources have not been previously restricted, committed, or assigned will be included within restricted, committed or assigned fund balance based on the source of the constraints as described in Note 1E. These commitments will be honored in the subsequent year carryforward appropriations.

**B. Reconciliation of Operations on Budgetary Basis to the GAAP Basis**

The actual results of operations on a budgetary basis compared to the appropriations adopted by the City Council for budgeted major governmental funds are included in the fund financial statements. The comparisons of actual results with the budget for nonmajor funds are presented as supplemental information in the combining schedules.

Because accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial information in accordance with GAAP, a reconciliation of the resultant basis and perspective differences on operations for the fiscal year ended June 30, 2017 is presented in the following pages for the City's budgeted major funds. The dollar amounts are expressed in thousands.

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

	General Fund
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary Basis	\$ 118,759
Basis Differences	
Adjustment for net changes to accrued assets and liabilities. The GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred and is due and payable; whereas, the budgetary basis operating statement reflects revenue when received and expenditures when paid.	(118,990)
Interfund borrowings are recorded in the debtor fund as an other financing source "Loans from Other Funds" and in the creditor fund as an other financing use "Loans to Other Funds" in the debtor fund and "Due from Other Funds" in the creditor fund (GAAP).	11,374
Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of of expenditures in the budget year incurred (budgetary), as opposed to a reservation of net position (GAAP).	
Encumbrances reported as budgetary expenditures	395,329
Prior year encumbrances expended in current year	(343,485)
Perspective Difference	
For purposes of the budget, the General Fund is a legal entity that is separate and distinct from the Reserve Fund and other accounts that are classified to have General Fund activity for GAAP purposes.	(201,657)
Additional Budgeted Funds included as General category but reported in NonMajor Special Revenue Funds:	
Department of Neighborhood Empowerment	(301)
City Ethics Commission	(225)
	(526)
Change in Net Position - GAAP Basis	\$ (139,196)

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**C. Deficit Fund Balances**

At June 30, 2017, the Special Parking Revenue Fund (SPRF) had a deficit of \$11.6 million. The deficit of \$11.6 million was due primarily to transfers from the SPRF to the Reserve Fund of \$28.3 million. The SPRF deficit will be paid by future parking fees. SPRF had a positive net change in fund balance of \$13.0 million in fiscal year 2017.

The Workforce Innovation Opportunity Act Fund (WIOA) had a deficit fund balance of \$0.3 million mainly from timing differences in the receipt of grant funds and front funding by the City of expenses for various grant related projects. The WIOA deficit will be paid by future grant receipts from reimbursements of eligible government expenditures that have been incurred.

The Convention Center Debt Service Fund (CCF) had a deficit balance of \$13.1 million due to the effect of the negative fund balance of \$18.9 million in the prior fiscal year which was carried forward to the current fiscal year. Last fiscal year's deficit was due to the payments of principal and interest of certain bonds, which will be repaid by future revenues of the Convention Center. The CCF had a positive net change in fund balance of \$5.8 million in fiscal year 2017.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS****A. Cash, Deposits and Investments****Summary of Cash and Investments**

At June 30, 2017, the summary of cash, pooled and other investments for governmental and business-type activities, and fiduciary funds is as follows (in thousands):

	Governmental Activities	Business-Type Activities	Fiduciary Funds		Total
			Pension and Other Postemployment Benefits Trust	Agency	
Cash and Pooled Investments	\$ 4,493,755	\$ 3,124,830	\$ 18,195	\$ 323,720	\$ 7,960,500
Other Investments with Escrow and Fiscal Agents	3,613	22,282	--	456	26,351
Restricted assets					
Cash and pooled investments	--	2,395,226	--	--	2,395,226
Cash and Investments with Escrow and Fiscal Agents	19,739	1,650,567	--	--	1,670,306
Investments of retirement systems	--	--	53,196,218	--	53,196,218
Total deposits and investments	<u>\$ 4,517,107</u>	<u>\$ 7,192,905</u>	<u>\$ 53,214,413</u>	<u>\$ 324,176</u>	<u>\$ 65,248,601</u>
Cash on hand					\$ 129
Deposits					83,661
Investments					
Pooled					10,270,811
Other					54,894,000
Total deposits and investments					<u>\$ 65,248,601</u>

**Cash and Pooled Investments Held by the City Treasurer.** The City maintains a cash and investment pool governed by the City's investment policy (the Policy) and established pursuant to the California Government Code. Each fund's portion of this pool is displayed on the accompanying governmental fund balance sheets, proprietary fund and fiduciary fund statements of net position as "Cash and Pooled Investments" and "Restricted Assets".

**Other Investments.** The City has other investments outside the City Treasurer that are invested pursuant to various governing bond covenants and California Government Code provisions.

Other cash and investments consist primarily of deposits and investments with trustees related to the issuance of bonds, contractor agreements and to certain loan programs operated by the City. These investments are pledged for the payment or security of the bonds, and in lieu of retention upon pending satisfactory completion of a contract.

**Investments of Retirement Systems.** LACERS, Pensions and DWP Plans (Retirement Systems') funds are invested pursuant to the Los Angeles City Charter and the Retirement Systems' investment policies established by the Retirement Systems' Boards as required by Article XI Section 1106(d) of the City Charter. The Retirement Systems' Boards adopted asset allocation policies on the types of investments to ensure a diversified portfolio. The objective of each investment policy is to maximize the expected return of the funds at an agreed upon level of risk.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Investment Risk.** The investments are subject to certain types of risk, including interest rate risk, credit risk, concentration of credit risk, custodial credit risk and foreign currency risk. These risks are addressed separately for the investments related to governmental and business-type activities and those related to the Retirement Systems.

**Deposits**

At June 30, 2017, the book balance of the City's deposits was \$83.7 million and the balance per various financial institutions was \$83.6 million. The difference of \$0.1 million represents primarily deposits in transit and other reconciling items. Of the bank balance, \$3.2 million was covered by Federal Deposit Insurance Corporation (FDIC) and \$80.4 million was uninsured. The uninsured deposits of \$80.4 million are held by financial institutions that are legally required by the California Government Code Section 53630 to collateralize the City's deposits by pledging certain eligible securities with a market value of at least 110% of the City's deposits. The collateral is held by a third-party agent of the bank separate from the depository institution.

The City has a daylight overdraft facility with a bank that maintains the City's operating account, which may be used to facilitate intra-day transfers between City accounts. Any overdraft in the City's account, including any charges, must be repaid immediately without demand, except when the City and the bank agree otherwise or when the bank advises otherwise in writing.

**Pooled Investments**

The cash balances of substantially all funds on deposit in the City Treasury are pooled and invested by the City Treasurer for the purpose of maximizing interest earnings through pooled investment activities but safety and liquidity still take precedence over return. Special pool participants include the City, Airports, Power, Water, Harbor, Sewer, and MICLA. Interest earned on pooled investments is allocated to and recorded in certain participating funds, as authorized by the Council and permitted by the City Charter and the California Government Code, based on each fund's average daily deposit balance. Unless allocation provisions are specifically stipulated in City ordinance, Council action, or funding source, interest earned on certain funds are allocated to and recorded in the General Fund. The City measures and categorizes its investments using fair value measurement guidelines established by generally accepted accounting principles.

Pursuant to California Government Code Section 53607 (State Code) and the Council File No. 94-2160, the City Treasurer shall render to the Council a statement of investment policy (the Policy) annually. Council File No. 11-1740 was adopted on December 12, 2016, as the City's investment policy. This Policy shall remain in effect until the Council and the Mayor approve a subsequent revision. The Policy governs the City's pooled investment practices. The Policy addresses soundness of financial institutions in which the City Treasurer will deposit funds and types of investment instruments permitted by California Government Code Sections 53600-53638, 16340 and 16429.1. The City Treasurer further reports that the current policy allows for the purchase of investments with maturities up to thirty (30) years.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

At June 30, 2017, the investments held in the City Treasury's General and Special Investment Pool Programs and their maturities are as follows (in thousands):

Type of Investments	Amount	Investment Maturities				
		1 to 30 Days	31 to 60 Days	61 to 365 Days	366 Days To 5 Years	Over 5 Years
U.S. Treasury Notes	\$ 4,784,091	\$ --	\$ --	\$ 2,812	\$ 4,761,266	\$ 20,013
U.S. Agencies Securities	1,468,181	182,345	220,935	560,889	469,324	34,688
Medium-Term Notes	1,440,354	--	--	190,051	1,250,303	--
Mutual Funds	7,251	7,251	--	--	--	--
Commercial Paper	1,418,930	732,478	238,464	447,989	--	--
Municipal Bonds	79,684	--	--	--	79,683	--
Asset-Backed Securities	70,100	--	--	--	70,100	--
Supranational Obligations	650,957	454,777	15,000	31,755	149,425	--
Short-Term Investment Funds	284,148	284,148	--	--	--	--
Securities Lending Short-Term Repurchase Agreement	67,115	67,115	--	--	--	--
Total General and Special Pools	<u>\$ 10,270,811</u>	<u>\$ 1,728,114</u>	<u>\$ 474,399</u>	<u>\$ 1,233,496</u>	<u>\$ 6,780,101</u>	<u>\$ 54,701</u>

**Fair Value Measurements**

The City measures and categorizes its investments using fair value measurement guidelines established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. The levels of valuation inputs are as follows:

Level 1 - Quoted prices for identical assets or liabilities in an active market

Level 2 - Observable inputs other than quoted market prices; and

Level 3 - Unobservable inputs



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

At June 30, 2017, the City's summary of the fair value hierarchy of investments are as follows (in thousands):

Investments	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investment Subject to Fair Value Hierarchy			
U.S. Treasury Notes	\$ 4,784,091	\$ 601,390	\$ 4,182,701
U.S. Agencies Securities	514,127	35,348	478,779
Medium-Term Notes	1,440,354	--	1,440,354
Municipal Bonds	79,684	--	79,684
Asset-Backed Securities	70,100	--	70,100
Supranational Obligations	149,425	--	149,425
Total Investments Subject to Fair Value	<u>\$ 7,037,781</u>	<u>\$ 636,738</u>	<u>\$ 6,401,043</u>
Investment Not Subject to Fair Value Hierarchy			
Mutual Fund *	\$ 7,251		
Short-Term Investment Funds *	284,148		
U.S. Agencies Securities *	954,054		
Commercial Paper *	1,418,930		
Supranational Obligations *	501,532		
Securities Lending Short-Term			
Repurchase Agreement **	67,115		
Total Investments Not Subject to Fair Value	<u>3,233,030</u>		
Total Investments	<u>\$ 10,270,811</u>		

\* These investments are recorded at amortized cost that have remaining maturities of one year or less at the time of purchase.

\*\* These investments are recorded based on the cash collateral received and reinvested in repurchase agreement.

Investments classified in Level 1 of the fair value hierarchy, valued at \$636.7 million, are valued using observable unadjusted quoted prices in an active market.

Investments classified in Level 2, totaling \$6.4 billion, are valued using matrix pricing obtained from various pricing sources by our custodian bank. At the time of purchase, securities are automatically assigned a primary pricing source, that are used in the portfolio valuation report which are evaluated based on market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Interest Rate Risk.* The Policy limits the maturity of its investments to five years for the U.S. Treasury and U.S. Agency obligations, medium-term notes, CD placement service, negotiable certificates of deposit, collateralized bank deposits, mortgage pass-through securities, supranational obligations, and bank/time deposits; one year for repurchase agreements; 270 days for commercial paper; 180 days for bankers' acceptances; 92 days for reverse repurchase agreements; and no maturity for mutual funds. The Policy also allows City funds with longer-term investments horizons, to be invested in securities that at the time of the investment have a term remaining to maturity in excess of five years, but with a maximum final maturity of thirty years.

*Credit Risk.* The Policy establishes minimum credit rating requirements for investments. There are no credit quality requirements for local agency bonds, U.S. Treasury Obligations, State of California Obligations, California Local Agency Obligations, and U.S. Agencies (U.S. government sponsored enterprises) securities. The City's \$1.5 billion investments in U.S. government sponsored enterprises consist of securities issued by the Federal Home Loan Bank - \$758.2 million, Federal National Mortgage Association (Fannie Mae) - \$354.5 million, Federal Home Loan Mortgage Corporation (Freddie Mac) - \$240.1 million, Federal Agriculture Mortgage Corporation (Farmer Mac) - \$95.2 million, and Tennessee Valley Authority - \$20.1 million. Of the City's \$1.5 billion investments in U.S. Agencies securities, \$499.1 million were rated AA+ by S&P and Aaa by Moody's; \$969.0 million were not rated individually by S&P nor Moody's.

Medium-term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term notes must have at least an A rating at the time of purchase. The City's \$1.4 billion investments in medium-term notes consist of securities issued by banks and corporations that comply with these requirements and were rated A or better by S&P and A3 or better by Moody's. Subsequent to purchase, two issuers of \$62.6 million medium-term notes was downgraded to BBB+ by S&P and A3 by Moody's, and one issuer of \$20.0 million medium-term notes was downgraded to A by S&P and Baa1 by Moody's.

Commercial paper issues must have the highest letter and number rating by nationally recognized statistical rating organization (NRSRO). The issuing corporation must be organized and operating within the United States and have assets in excess of \$500.0 million. The City's \$1.4 billion investments in commercial paper were rated A-1+/A-1 by S&P and P-1 by Moody's.

Mutual funds must receive the highest ranking by at least two NRSROs. The City's \$7.3 million investments in mutual funds were rated AAAM by S&P and not rated by Moody's.

Municipal bonds have no minimum rating requirement. The City's \$79.7 million investments in municipal bonds were rated AA- by S&P and Aa3 by Moody's.

Investments in supranational obligations must have a minimum of AA rating. The City's investments in supranational coupons of \$149.4 million were rated AAA by S&P and Aaa by Moody's; \$501.5 million were not rated individually by S&P nor Moody's.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Concentration of Credit Risk.* The Policy does not allow more than 40% of its investment portfolio be invested in commercial paper or bankers' acceptances, 30% in certificates of deposit or medium-term notes, 20% in mutual funds, money market mutual funds or mortgage pass-through securities. The Policy further provides for a maximum concentration limit of 10% in any one issuer including its related entities. There is no percentage limitation on the amounts that can be invested in U.S. Treasury and U.S. Agency obligations. The City's pooled investments comply with these requirements. GAAP requires disclosure of certain investments in any one issuer that represent 5% or more of total investments. Of the City's total pooled investments as of June 30, 2017, \$758.2 million (7.4%) was invested in securities issued by Federal Home Loan Bank.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The following table identifies the investment types that are authorized by the Policy as of June 30, 2017:

Authorized Investment Type	Maximum Maturity <sup>A</sup>	Maximum Specified Percentage of Portfolio <sup>B</sup>	Minimum Credit Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years *	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years *	None	None
Bankers' Acceptances	180 days	40% * <sup>C</sup>	None
Commercial Paper - Pooled Funds * <sup>G</sup>	270 days	40% of the agency's money <sup>E</sup>	Highest letter and number rating by NRSRO <sup>F</sup>
Commercial Paper - Non-Pooled Funds * <sup>D</sup>	270 days	25% of the agency's money <sup>E</sup>	Highest letter and number rating by NRSRO <sup>F</sup>
Negotiable Certificates of Deposits	5 years	30% <sup>H</sup> (combined with placement service CD)	None
Non-Negotiable Certificates of Deposits	5 years	None	None
Placement Service Deposits	5 years	30% <sup>H</sup> (inclusive of placement service CD)	None
Placement Service Certificate of Deposits	5 years	30% <sup>H</sup> (combined with negotiable CD)	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending	92 days <sup>I</sup>	20%	None <sup>J</sup>
Medium-Term Notes * <sup>K</sup>	5 years	30%	"A" Rating
Mutual Funds and Money Market Mutual Funds	N/A	20% <sup>L</sup>	Multiple <sup>M,N</sup>
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" Rating <sup>O</sup>
County Pooled Investments Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple <sup>P</sup>
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund <sup>Q</sup>	N/A	None	None
Supranational Obligations <sup>R</sup>	5 years	30%	"AA" Rating

\* Represents where the City's investment policy is more restrictive than the California Government Code. The sources used are Sections 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, and 53638. Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Other restrictions on investments are summarized as follows:

- A Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- B Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- C No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- D "Select Agencies" are defined as a "city, a district or other local agency that does not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body."
- E Local Agencies, other than counties or a city and county, may purchase no more than 10 percent of outstanding commercial paper of any single issuer.
- F Issuing Corporation must be organized and operating within the U.S. and have assets in excess of \$500.0 million.
- G "Other Agencies" are counties, a city and county, or other local agency "that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body." Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set for "Select Agencies" above.
- H No more than 30 percent of the agency's money may be invested in deposits, including CDs, through a placement service. No more than 30 percent of the agency's money may be invested in CDs through a placement service and negotiable CDs. Sections 53601.8, 53635.8 and 53601(i). Excluding purchases of certificates of deposit pursuant to section(s) 53601.8 and 53635.8, no more than 10 percent of the agency's money may be invested with any one private sector entity that assists in the placement of deposits.
- I Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- J Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- K "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S."
- L No more than 10 percent invested in any one mutual fund.
- M A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500.0 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

- <sup>N</sup> A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500.0 million.
- <sup>O</sup> Issuer must be rated in the category "AA", or its equivalent or better as provided by a nationally recognized rating agency.
- <sup>P</sup> A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500.0 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- <sup>Q</sup> Local entities can deposit between \$200.0 million and \$10.0 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account (PMIA).
- <sup>R</sup> Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

*General Investment Pool Securities Lending Program.* Securities lending is permitted and limited under provisions of California Government Code Section 53601. The Council approved the Securities Lending Program (the SLP) on October 22, 1991 under Council File No. 91-1860, which complies with the California Government Code. The objectives of the SLP in priority order are: safety of loaned securities; and prudent investment of cash collateral to enhance revenue from the investment program. The SLP is governed by a separate policy and guidelines.

The City's custodial bank acts as the securities lending agent. In the event a counterparty defaults by reason of an act of insolvency, the bank shall take all actions, which it deems necessary or appropriate to liquidate permitted investment and collateral in connection with such transaction, and shall make a reasonable effort for two business days (Replacement Period) to apply the proceeds thereof to the purchase of securities identical to the loaned securities not returned. If during the Replacement Period the collateral liquidation proceeds are insufficient to replace any of the loaned securities not returned, the bank shall, subject to payment by the City of the amount of any losses on any permitted investments, pay such additional amounts as necessary to make such replacement.

Under the provisions of the SLP, and in accordance with the California Government Code, no more than 20% of the market value of the General Investment Pool (the Pool) is available for lending. The City loans out U.S. Treasury Notes, U.S. Agencies Securities, and Supranational Coupons. The City receives cash as collateral on the loaned securities, which is reinvested in securities permitted under the Policy. In addition, the City receives securities as collateral on loaned securities, which the City has no ability to pledge or sell without borrower default. In accordance with the California Government Code, the securities lending agent marks to market the value of both the collateral and the reinvestments daily. Except for open loans where either party can terminate a lending contract on demand, term loans have a maximum life of 60 days. Earnings from securities lending accrue to the Pool and are allocated on a pro-rata basis to all Pool participants.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

During the fiscal year 2017, collateralizations on all loaned securities were compliant with the required 102% of the market value. The City can sell collateral securities only in the event of borrower default. The lending agent provides indemnification for borrower default. There were no violations of legal or contractual provisions and no borrower or lending agent default losses during the fiscal year. There was no credit risk exposure to the City because the amounts owed to the borrowers exceeded the amounts borrowed. Loaned securities are held by the City's agents in the City's name and are not subject to custodial credit risk.

The following table provides information on securities lent and collateral received as of June 30, 2017 (in thousands):

Type of Investment Lent		
For Cash Collateral		
U.S. Agencies Securities	\$	40,648
U.S. Treasury Notes		1,012
Supranational Obligations		24,014
Total Cash Collateral		<u>65,674</u>
For Non-Cash Collateral		
U.S. Treasury Notes		981,789
U.S. Agencies Securities		31,397
Total Non-Cash Collateral		<u>1,013,186</u>
Total Market Value on Securities Lent	\$	<u>1,078,860</u>
Type of Collateral Received		
Cash Collateral *	\$	67,115
Non-Cash Collateral **		
For Lent U.S Treasury Notes, U.S. Agencies Securities and Supranational Obligations		<u>1,037,782</u>
Total Collateral Received	\$	<u>1,104,897</u>

\* Amount represents cash collateral received and reinvested in repurchase agreements that have the mark-to-market value of the cash collateral pool at 102% for the liquidity of the portfolio and 100% for the duration portfolio for the fiscal year 2017.

\*\* The City has no ability to pledge or sell collateral securities without borrower default.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Other Investments**

Other deposits and investments maintained outside the City Treasury are invested pursuant to policies adopted by the boards of commissioners of the City's pension systems and Water and Power, governing bond covenants or California Government Code provisions. Investments made under these provisions are reported as follows: Investments are stated at fair value. Pensions and other postemployment benefits investments are reported in accordance with generally accepted accounting principles. Real estate investments are recorded in the financial statements under the equity method, and are carried at fair value as determined by real estate fund managers based on a periodic appraisals, and reports of investment advisors. The fair value of real estate investments were determined using a practical expedient based on the investments' net asset values per share or its equivalent. Investments denominated in foreign currencies are translated to the U.S. dollar at the rate of exchange in effect at the statement of fiduciary net position date, with resulting gains and losses recorded in the statement of changes in fiduciary net position. Alternative investments are estimated based on audited financial statements provided by the individual fund managers, which are based on the net asset value. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments.

The City's other investments as of June 30, 2017 are as follows (in thousands):

DWP	\$ 642,898
Pensions	22,413,438
LACERS	16,610,775
DWP Plans	14,172,005
Others	1,054,884
Total	<u>\$ 54,894,000</u>

**Department of Water and Power (DWP)**

The City Charter grants the Board of Water and Power Commissioners control over the investments of all financial assets of DWP.

At June 30, 2017, the investments of DWP outside of the City's investment pool programs and their maturities are as follows (in thousands):

Type of Investments	Amount	Investment Maturities				
		1 to 30 Days	31 to 60 Days	61 to 365 Days	366 Days to 5 Years	Over 5 Years
U.S. Government Securities	\$ 35,928	\$ --	\$ --	\$ 20,965	\$ 14,963	\$ --
U.S. Agencies Securities	287,027	9,342	9,991	109,320	133,216	25,158
Supranationals	11,998	5,999	1,001	4,998	--	--
Medium-Term Notes	146,584	5,066	1,000	87,299	53,219	--
Commercial Paper	31,913	19,959	--	11,954	--	--
Certificates of Deposit	50,016	10,000	6,002	34,014	--	--
California Local Agency Bonds	30,384	--	9,653	7,011	13,720	--
California State Bonds	11,078	--	--	1,005	10,073	--
Other State Bonds	37,608	15,098	2,000	6,333	14,177	--
Money Market Funds	362	362	--	--	--	--
Total	<u>\$ 642,898</u>	<u>\$ 65,826</u>	<u>\$ 29,647</u>	<u>\$ 282,899</u>	<u>\$ 239,368</u>	<u>\$ 25,158</u>



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

DWP holds investments and derivative instruments that are measured at fair value on a recurring basis. Because investing is not a core part of the DWP's mission, DWP determines that the disclosures related to these investments only need to be disaggregated by major type. DWP categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles.

At June 30, 2017, DWP's summary of the fair value hierarchy of investments are as follows (in thousands):

	Fair Value Measurements Using				
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Classified
Investments by Fair Value Level					
Debt Securities					
U.S Government Securities	\$ 35,928	\$ 35,928	\$ --	\$ --	\$ --
U.S Agencies	287,027	--	287,027	--	--
Supranationals	11,998	--	11,998	--	--
Medium-Term Corporate					
Notes	146,584	--	146,584	--	--
California Local Agency Bonds	30,384	--	30,384	--	--
California State Bonds	11,078	--	11,078	--	--
Other State Bonds	37,608	--	37,608	--	--
Total Debt Securities	<u>560,607</u>	<u>35,928</u>	<u>524,679</u>	<u>--</u>	<u>--</u>
Other					
Commercial Paper	31,913	--	31,913	--	--
Certificates of Deposit	50,016	--	50,016	--	--
Money Market Funds	362	--	--	--	362
Total Other	<u>82,291</u>	<u>--</u>	<u>81,929</u>	<u>--</u>	<u>362</u>
Total Investments by Fair Value Level	<u>\$ 642,898</u>	<u>\$ 35,928</u>	<u>\$ 606,608</u>	<u>\$ --</u>	<u>\$ 362</u>
Derivative Instruments					
Financial Natural Gas Hedges	\$ (14,640)	\$ --	\$ (14,640)	\$ --	\$ --

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Debt and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a multidimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker/dealer quotes. Natural gas hedges are valued using forward market prices available from broker quotes and exchanges. The SCPPA Palo Verde Guaranteed Investment Contract is recorded at contract value and thus is not required to be classified in the fair value hierarchy. Money market funds have maturities of less than one year and thus are recorded at amortized cost and not required to be classified.

*Interest Rate Risk.* DWP's investment policy limits the maturity of its investments to a maximum of 30 years for U.S. Government and U.S. Agencies securities; 5 years for medium-term corporate notes, municipal bonds, California local agency obligations, California State obligations, and other state obligations; 270 days for commercial paper; 397 days for certificates of deposit; and 180 days for bankers' acceptances.

*Credit Risk.* Under its investment policy and the California Government Code, DWP is subject to the prudent investor standard of care in managing all aspects of its portfolios. The prudent investor standard requires that DWP "shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and in familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

The U.S. Agencies securities in the portfolio consist of securities issued by government-sponsored enterprises, which are not explicitly guaranteed by the U.S. government. Of the U.S. Agencies securities in the portfolio as of June 30, 2017, \$282.7 million (98.5%) was rated with either the highest or second highest possible credit ratings by the Nationally Recognized Statistical Rating Organizations (NRSROs) that rated them and \$4.3 million (1.5%) was not rated.

DWP's investment policy specifies that medium-term notes must be rated in a rating category of A or its equivalent or better by a NRSRO. Of DWP's investments in corporate notes as of June 30, 2017, \$11.7 million (8%) was rated in the category of AAA, \$76.5 million (52.2%) was rated in the category of AA, and \$58.4 million (39.8%) was rated in the category of A by at least one NRSRO.

DWP's investment policy specifies that commercial paper must be of the highest ranking or of the highest letter and number rating as provided for by at least two NRSROs. As of June 30, 2017, all of the DWP's investments in commercial paper were rated with at least the highest letter and number rating as provided by at least two NRSROs.

DWP's investment policy provides that negotiable certificates of deposit must be of the highest ranking or letter and number rating as provided for by at least two NRSROs and that for non-negotiable certificates of deposit, the full amount of principal and interest is insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration. As of June 30, 2017, DWP's investments in certificates of deposits included \$49.0 million of negotiable certificates of deposit with at least the highest letter and number rating as provided by at least two NRSROs and \$1.0 million of non-negotiable certificates of deposit fully insured by the FDIC.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

DWP's investment policy specifies that California Local Agency bonds, which include municipal commercial paper, must be rated in a rating category of A or its equivalent or better by a NRSRO. Of DWP's investments in California Local Agency bonds as of June 30, 2017, \$29.9 million (98.4%) was rated in the category of AA; \$0.5 million (1.6%) was rated in the category of A.

DWP's investment policy specifies that California State bonds must be rated in a rating category of A or its equivalent or better by a NRSRO. Of DWP's investments in California State bonds as of June 30, 2017, \$11.1 million (100%) was rated in the category of AA by at least one NRSRO.

DWP's investment policy specifies that obligations of other states in addition to California must be rated in a rating category of A or its equivalent or better by a NRSRO. Of DWP's investments in other state obligations as of June 30, 2017, \$15.3 million (40.7%) was rated in the category of AAA, \$15.3 million (40.7%) was rated in the category of AA, \$2.0 million (5.3%) was rated in the category of A, and \$5.0 million (13.3%) was rated with the highest short-term rating by at least one NRSRO.

DWP's investment policy specifies that money market funds may be purchased as allowed under the California Government Code, which requires that the fund must have either (1) attained the highest ranking or highest letter and numerical rating provided by not less than two NRSROs or (2) retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience in managing money market mutual funds with assets under management in excess of \$500.0 million. As of June 30, 2017, each of the money market funds in the portfolio had the highest possible ratings by at least two NRSROs.

*Concentration of Credit Risk:* DWP's investment policy specifies that there is no percentage limitation on the amount that can be invested in U.S. Agencies securities, except that a maximum of 30% of the cost value of the portfolio may be invested in the securities of any single U.S. government agency issuer. Included within DWP's total investments as of June 30, 2017, \$110.8 million (17%) was invested in securities issued by the Federal Home Loan Bank, \$94.8 million (15%) was invested in securities issued by the Freddie Mac, and \$51.5 million (8%) was invested in securities issued by Fannie Mae.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Fire and Police Pension and Health Subsidy Plans (Pensions)

At June 30, 2017, the Pensions' investments are as follows (in thousands):

Investment Type	Pensions Plan	Health Subsidy Plan	Total
Short-Term Investments	\$ 1,034,325	\$ 90,176	\$ 1,124,501
U.S. Government Obligations	2,192,319	191,134	2,383,453
Domestic Corporate Bonds	1,595,889	139,135	1,735,024
Foreign Bonds	3,479	303	3,782
Domestic Stocks	7,266,875	633,552	7,900,427
Foreign Stocks	3,790,113	330,435	4,120,548
Real Estate	1,388,036	121,014	1,509,050
Alternative Investments	1,957,356	170,649	2,128,005
Security Lending Collateral	1,387,666	120,982	1,508,648
Total	\$ 20,616,058	\$ 1,797,380	\$ 22,413,438

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

At June 30, 2017, Pensions has the following recurring fair value measurements (in thousands):

	Amount	Fair Value Measurements Using		
		Quoted Prices for Identical Assets or Liabilities in an Active Market (Level 1)	Observable Inputs Other Than Quoted Market Prices (Level 2)	Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	\$ 1,848,037	\$ --	\$ 1,848,037	\$ --
U.S. Agencies	534,992	--	534,992	--
Municipal/Provincial Bonds	19,988	--	19,988	--
Collateralized Debt Obligations	145,620	--	142,478	3,142
Commercial Paper	7,498	--	7,498	--
Corporate Bonds	1,547,639	--	1,547,639	--
Total Debt Securities	<u>4,103,774</u>	<u>--</u>	<u>4,100,632</u>	<u>3,142</u>
Equity Securities				
Common Stock	11,950,882	11,933,333	14,481	3,068
Preferred Stock	69,947	69,856	--	91
Other	145	83	1	61
Total Equity Securities	<u>12,020,974</u>	<u>12,003,272</u>	<u>14,482</u>	<u>3,220</u>
Other				
Real Estate	746,965	194,092	--	552,873
Total Investments by Fair Value Level	<u>\$ 16,871,713</u>	<u>\$ 12,197,364</u>	<u>\$ 4,115,114</u>	<u>\$ 559,235</u>
Investment measured at the net asset value (NAV)				
Private Equity Partnerships	\$ 2,029,593			
Commingled Real Estate Funds	762,084			
Global Macro Strategy Hedge Funds	98,169			
Asset/Mortgage-Backed Security Funds	18,061			
Commercial Mortgages	424			
Other	244			
Total Investments Measured at NAV	<u>\$ 2,908,575</u>			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities such as U.S. Treasuries, U.S. Agencies, municipal bonds, collateralized debt obligations, commercial paper, corporate bonds and other equity securities are classified in Level 2. They are valued using quoted prices for identical securities in markets that are not active. The value prices observed using market-based inputs.

Debt securities, namely collateralized debt obligations and corporate bonds, classified in Level 3 are valued using unobservable inputs which can be extrapolated data, proprietary models or indicative quotes. Other equity securities classified in Level 3 are valued using uncorroborated indicative quotes.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Real estate corporate accounts investments are valued based on an independent appraisal or other methods using various techniques including models. Real estate corporate accounts are scheduled for independent appraisal on a rolling 3-year period. Real estate Level 1 are independently appraised during the current fiscal year while Level 3 shows the valuation based upon internal valuation methods applied by real estate managers.

Pensions' investments such as private equity partnerships, real estate, hedge funds, asset/mortgage-backed security funds and commercial mortgages are valued using the net asset value (NAV). Real estate investments are valued based on an independent appraisal or other methods using various techniques including models. Hedge funds generally do not have readily obtainable market values and take the form of limited partnerships. Valuation is either based on the partnerships audited financial statements or from the most recently available valuation.

Investments measured at the NAV are as follows (in thousands):

Investment Strategy	Fair value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private Equity Partnerships	\$ 2,029,593	\$ 1,233,900	N/A	--
Comingled Real Estate Funds <sup>(1)</sup>	762,084	146,498	Quarterly	90-179 days
Global Macro Strategy Hedge Funds	98,169	--	Quarterly	90 days
Asset/Mortgage-Backed Security Funds	18,061	--	Anytime	--
Commercial Mortgages	424	--	N/A	--
Other	244	--		--
Total Investments Measured at NAV	<u>\$ 2,908,575</u>	<u>\$ 1,380,398</u>		

<sup>(1)</sup> This type of investment includes \$270.0 million of comingled real estate committed and funded that can be redeemed quarterly with 90 to 179 days redemption notice period.

Pensions has unfunded commitments of \$1.2 billion in private equity partnerships and \$146.5 million in real estate. Pensions' investments in hedge funds can be redeemed quarterly with 90 days redemption notice period.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Interest Rate Risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways Pensions manages its exposure to interest rate risk is by requiring a fixed income investment manager to maintain the effective duration of their portfolio within a specified range of (1) the Bloomberg Barclays US Aggregate Bond Index for core fixed income investments, (2) the Bloomberg Barclays US Government/Credit Long-Term Bond Index for long duration investments, and (3) the Bank of America ML High Yield Master II Index for high yield investments. The longer the duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the Pensions' investments to interest rate fluctuations is provided in the following table that shows the weighted average effective duration of the Pensions' fixed income investments by investment type:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
Asset-Backed Securities	\$ 75,274	11.93
Bank Loans	7,498	4.74
Collateralized Bonds	790	9.05
Commercial Mortgage-Backed	15,824	23.65
Corporate Bonds	1,482,014	10.98
Corporate Convertible Bonds	8,176	5.84
Government Agencies	47,388	9.33
Government Bonds	1,041,980	10.60
Government Mortgage-Backed Securities	355,183	20.48
Government Issued Commercial Mortgage-Backed	50,357	5.32
Index Linked Government Bonds	842,495	9.40
Municipal/Provincial Bonds	21,566	57.96
Non-Government Backed Collateralized Mortgage Obligations	55,716	22.00
Asset/Mortgage-Backed Securities/Other Fixed Income Funds	117,998	N/A
Total	\$ 4,122,259	

Investments that are highly sensitive to interest rate risk at June 30, 2017 are as follows (in thousands):

Investment Type	Amount
Asset-Backed Securities	\$ 75,274
Commercial Mortgages	15,824
Government Agencies Bonds	47,388
Government Issued Mortgage-Backed Securities	405,540
Index Linked Government Bonds	842,495
Non-Government Backed Collateralized Mortgage Obligations	55,716
Total	\$ 1,442,237

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Credit Risk.* Pensions seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk within this asset class. As of June 30, 2017, the quality ratings of Pensions' fixed income investments are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 1,848,640	52.26 %
AA	81,537	2.30
A	358,403	10.13
BBB	510,073	14.42
BB	226,984	6.42
B	262,680	7.42
CCC	60,666	1.71
CC	8,077	0.23
C	4,548	0.13
Not Rated	176,255	4.98
Subtotal	3,537,863	100.00 %
U.S. Government Issued or Guaranteed Securities	584,396	
Total Fixed Income Investments	\$ 4,122,259	

*Concentration of Credit Risk.* As of June 30, 2017, Pensions' investment portfolio has no concentration of investments of 5% or more of the total investment portfolio in any one entity except those issued or guaranteed by the U.S. Government.

*Custodial Credit Risk.* For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Pensions' deposits and collateral securities in the possession of an outside party would not be recoverable. Deposits are exposed if they are not insured or are not collateralized. As of June 30, 2017, Pensions' exposure to custodial credit risk comprised of foreign currencies held outside the custodial bank amounted to \$15.8 million.

For investment securities, custodial credit risk is the risk that, in the event of the failure of the counterparty, Pensions will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured, or are not registered in Pensions' name, and held by the counterparty. As of June 30, 2017, investments in publicly traded stocks and bonds were not exposed to custodial risk since they are all held by the custodian and are registered in Pensions' name. As of June 30, 2017, Pensions' sole hedge fund investment of \$98.2 million, private equity of \$2.0 billion, and commingled real estate funds of \$762.1 million were exposed to custodial credit risk, respectively.



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Foreign Currency Risk.* The Pensions' asset allocation policy sets a target of 16% of the total portfolio for non-U.S. equity investments. The majority of Pensions' currency exposure comes from its holdings of foreign stocks. Pensions' foreign investment holdings, including foreign currencies in temporary investments at June 30, 2017, are as follows (in thousands):

<u>Foreign Currency</u>	<u>Fair Value</u>
Australian Dollar	\$ 153,551
Brazilian Real	68,478
British Pound Sterling	641,372
Canadian Dollar	89,248
Chilean Peso	5,305
Colombian Peso	2,043
Czech Koruna	5,545
Danish Krone	61,315
Euro	1,047,712
Hong Kong Dollar	279,778
Hungarian Forint	8,110
Indian Rupee	98,509
Indonesian Rupiah	35,735
Japanese Yen	645,192
Kenyan Shilling	3,851
Malaysian Ringgit	16,756
Mexican Peso	41,589
New Israeli Shekel	7,856
New Taiwan Dollar	153,555
New Zealand Dollar	5,853
Norwegian Krone	21,021
Philippine Peso	10,028
Polish Zloty	14,821
Qatari Rial	223
Singapore Dollar	37,317
South African Rand	80,136
South Korean Won	217,709
Swedish Krona	101,368
Swiss Franc	230,820
Thai Baht	20,784
Turkish Lira	14,083
United Arab Emirates Dirham	4,667
Total	<u>\$ 4,124,330</u>

The foreign currency total comprises of foreign stock, foreign bonds, and currency holdings.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Money-Weighted Rate of Return.** The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on Pensions' investments, gross of Pensions' investment expense, for the year ended June 30, 2017 was 13.3%. The source for the rate of return was the June 30, 2017 Investment Hierarchy provided by the custodian bank, Northern Trust.

**Securities Lending Transactions.** Pensions has entered into various short-term arrangements with its custodian, whereby investments are loaned to various brokers, as selected by the custodian. The lending arrangements are collateralized by cash, letters of credit, and marketable securities held on the Pensions' behalf by the custodian. These agreements provide for the return of the investments and for a payment of: a) a fee when the collateral is marketable securities or letters of credit, or b) interest earned when the collateral is cash on deposit.

Upon direction of the Board, the custodian may loan securities to brokers or dealers or other borrowers upon such terms and conditions, as it deems advisable. Collateral for the securities on loan will be maintained at a level of at least 102% of their fair value plus any accrued interest for U.S. securities lending and 105% of the fair value plus any accrued interest for non-U.S. securities lending. At year-end, Pensions has no credit risk exposure to borrowers because the amounts Pensions owes the borrowers exceed the amounts the borrowers owe Pensions.

The borrower has all incidents of ownership with respect to the borrowed securities and collateral including the right to vote and transfer or loan borrowed securities to others. Pensions is entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify Pensions as a result of the custodian's failure to: (1) make a reasonable determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action, (2) demand adequate collateral, or (3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examinations Council Supervisory Policy on Securities Lending.

These agreements provide the return of the securities and revenue determined by the type of collateral received (from which the custodian's fee is deducted). The securities on loan to brokers are shown at their fair value on the Statements of Fiduciary Net Position.

Cash received as collateral on securities lending transactions is reported as an asset, and the liabilities from these transactions are reported in the Statements of Fiduciary Net Position. Pensions cannot pledge or sell non-cash collateral unless the borrower defaults.

As of June 30, 2017, the fair value of securities on loan was \$1.6 billion, and the fair value of collateral received was \$1.7 billion. Of the \$1.7 billion collateral received as of June 30, 2017, \$1.5 billion was cash collateral and \$154.8 million represented the fair value of non-cash collateral. Non-cash collateral, which Pensions does not have the ability to pledge or sell unless the borrower defaults, is not reported in the Statements of Fiduciary Net Position.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The following represents the balances relating to the security lending transactions (in thousands):

Fair value of collateral received for loaned securities as of June 30, 2017:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	\$ 250,922	\$ 2,056	\$ 252,978
Domestic Corporate Fixed Income Securities	162,631	16,137	178,768
Domestic Equities	1,011,071	75,347	1,086,418
International Fixed Income Securities	491	--	491
International Equities	83,533	61,247	144,780
	\$ 1,508,648	\$ 154,787	\$ 1,663,435

Fair value of loaned securities as of June 30, 2017:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	\$ 245,139	\$ 2,011	\$ 247,150
Domestic Corporate Fixed Income Securities	158,880	15,837	174,717
Domestic Equities	988,432	73,828	1,062,260
International Fixed Income Securities	452	--	452
International Equities	79,070	57,446	136,516
	\$ 1,471,973	\$ 149,122	\$ 1,621,095

For fiscal year ended June 30, 2017, securities lending income amounted to \$9.4 million, while securities lending expenses amounted to \$1.2 million.

**Derivative Instruments.** Pensions, through its outside investment managers, holds investments in swaps, options, rights, and warrants and enters into futures and forward foreign currency contracts to manage portfolio risk or use them as substitutes for owning securities. Forward contracts are subject to credit risk if the counter-parties to the contracts are unable to meet the terms of the contract. Futures contracts have little credit risk, as organized exchanges are the guarantors. Due to the level of risk associated with derivative investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amount reported in the financial statements.

The fair values of the futures that are traded on various exchanges are determined by the price on that exchange. Fair values for the currency forward contracts are determined by the exchange rate of the reference currency on the last day of the reporting period. For options, swaps, rights, and warrants pricing would come from the exchange they are traded on if they are exchange traded securities.

They can also trade as over the counter securities and the market values would then be determined by the value of a reference security or value that would typically be publicly priced. For assets traded over the counter and held at the custodian bank an independent pricing service is involved in calculating the price of the derivative security using the value of the reference security or reference value.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2017, classified by type, and the changes in fair value of such derivative instruments are as follows (in thousands):

Type	Changes in Fair Value		Fair Value at June 30, 2017		Notional Amount
	Classification	Amount	Classification	Amount	
Investment Derivatives:					
Futures - Shorts	--	\$ --	Investment	\$ --	\$ (29,396)
Futures - Longs	Investment Loss	(2,506)	Investment	--	86,343
Forwards	Investment Loss	805	Investment	(28)	--
Options	Investment Loss	(1,199)	Investment	66	--
Rights/Warrants	Investment Revenue	227	Investment	145	--
Swaps	Investment Revenue	(8,130)	Investment	243	--

At June 30, 2017, Pensions held futures - shorts and futures - longs with a notional value of \$(29.4) million and \$86.3 million, respectively, with a realized loss of \$2.5 million for the fiscal year. Pensions held forwards with a fair value of \$(0.03) million, options with a fair value of \$0.07 million, rights and warrants with a fair value of \$0.1 million, and swaps with the fair value of \$0.2 million. For fiscal year 2017, losses of \$1.2 million were reported for options and \$8.1 million for swaps, and earnings of \$0.8 million for forwards and \$0.2 million for rights and warrants.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Los Angeles City Employees' Retirement and Postemployment Health Care Plans (LACERS)**

At June 30, 2017, LACERS' investments are as follows (in thousands):

Investment Type	Retirement	Postemployment	Total
	Plan	Health Care Plan	
Short-Term Investments	\$ 412,426	\$ 75,909	\$ 488,335
U.S. Government Obligations	799,739	147,196	946,935
Municipal Bonds	3,615	665	4,280
Domestic Corporate Bonds	777,905	143,177	921,082
International Bonds	473,954	87,234	561,188
Other Fixed Income	733,729	135,046	868,775
Bank Loan	5,372	989	6,361
Opportunistic Debt	76,351	14,053	90,404
Domestic Stocks	3,561,155	655,449	4,216,604
International Stocks	4,056,464	746,613	4,803,077
Mortgage-Backed Securities	329,795	60,701	390,496
Government Agencies	28,453	5,237	33,690
Derivative Instruments	1,993	367	2,360
Real Estate	705,075	129,773	834,848
Alternative Investments	1,333,256	245,393	1,578,649
Security Lending Collateral	729,435	134,256	863,691
Total	<u>\$ 14,028,717</u>	<u>\$ 2,582,058</u>	<u>\$ 16,610,775</u>

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 or 3 of the fair value hierarchy are valued using a matrix pricing technique based on the availability of the market price, the pricing source and type, and the country of incorporation of the securities. The hierarchy levels are determined based on the level of corroborative information obtained from other market sources to assert that the prices provided represent observable data.

Private equity funds classified in Level 3 of the fair value hierarchy are valued based on the availability of market price of the underlying assets, and using either a discounted cash flow or Comparable Company Analysis with internal assumptions. Real estate funds classified in Level 2 or 3 of the fair value hierarchy are valued based on periodic appraisals in accordance with industry practice.

The exchange traded Future Contracts classified in Level 1 of the fair value hierarchy are valued using a daily settlement when available or as a daily mark to market. The Foreign Exchange Contracts classified in Level 2 of the fair value hierarchy are valued using independent pricing services including London Close mid-evaluation, WM/Reuters Company, Bloomberg, and Thomson Reuters.

Certain investments which do not have a readily determinable fair value have been valued at NAV per share (or its equivalent) provided that NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements. These investments are not categorized within the fair value hierarchy but disclosed in the Schedule of Investments Measured at NAV.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

LACERS has the following recurring fair value measurements as of June 30, 2017 (in thousands):

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities				
Government Bonds	\$ 1,144,110	\$ --	\$ 1,144,110	\$ --
Government Agencies	83,032	--	83,032	--
Municipal/Provincial Bonds	9,387	--	9,387	--
Corporate Bonds	1,230,646	--	1,229,736	910
Bank Loans	6,360	--	6,360	--
Government Mortgage Bonds	357,091	--	357,091	--
Commercial Mortgage Bonds	33,405	--	33,405	--
Opportunistic Debts	13,137	--	--	13,137
Total Debt Securities	2,877,168	--	2,863,121	14,047
Equity Securities				
Common Stock				
Basic Industries	1,136,592	1,136,525	24	43
Capital Goods Industries	521,794	521,378	--	416
Consumer & Services	2,101,328	2,099,630	--	1,698
Energy	695,279	695,235	--	44
Financial Services	1,635,198	1,634,971	--	227
Health Care	993,986	993,876	--	110
Information Technology	1,458,829	1,458,747	--	82
Real Estate	408,299	408,243	--	56
Miscellaneous	6,869	6,049	--	820
Total Common Stock	8,958,174	8,954,654	24	3,496
Preferred Stock	48,331	48,269	--	62
Stapled Securities	13,177	13,177	--	--
Total Equity Securities	9,019,682	9,016,100	24	3,558
Private Equity Funds	176,700	--	--	176,700
Real Estate Funds	117,025	--	115,288	1,737
Securities Lending Collateral	863,691	--	863,691	--
Total Investments by Fair Value Level	\$ 13,054,266	\$ 9,016,100	\$ 3,842,124	\$ 196,042
Investments Measured at the Net Asset Value (NAV)				
Common Fund Assets	868,775			
Private Equity Funds	1,401,949			
Real Estate Funds	717,823			
Opportunistic Debts	77,267			
Total Investments Measured at NAV	3,065,814			
Total Investments Measured at Fair Value <sup>(1)</sup>	\$ 16,120,080			
Investment Derivative Instruments				
Future Contracts (liabilities)	\$ 2,038	\$ 2,038	\$ --	\$ --
Foreign Exchange Contracts (liabilities)	(61)	--	(61)	--
Rights/Warrants	383	92	270	21
Total Investment Derivative Instruments	\$ 2,360	\$ 2,130	\$ 209	\$ 21

<sup>(1)</sup> Excluded investment derivative instruments of \$2.4 million which is shown separately.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Investments measured at NAV (in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Fund Assets (1)	\$ 868,775	\$ --	Daily	2 days
Private Equity Funds (2)	1,401,949	794,500	N/A	N/A
Real Estate Funds (3)	717,823	51,419	Daily, Quarterly	1-90 days
Opportunistic Debts (4)	77,267	--	Monthly	30 days
Total Investments measured at NAV	<u>\$ 3,065,814</u>	<u>\$ 845,919</u>		

(1) Common fund assets - This investment type includes one fund that primarily invests in U.S. bonds. The fair value of the investment has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). This investment can be redeemed daily, with a two-day advance redemption notice period.

(2) Private equity funds - This investment type includes 181 closed-end commingled private equity funds that invest primarily in securities of privately held U.S. and non-U.S. companies. The fair value of these investments has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 13 years, depending on the vintage year of each fund.

(3) Real estate funds - This investment type includes 30 commingled real estate funds that invest primarily in U.S. commercial real estate. The fair value of these investments has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). Seven investments, representing approximately 63.9% of the value of this investment type, are in open-end funds, which may be redeemed according to terms specific to each fund. Redemptions generally are subject to the funds' available cash and redemption queues. There is no intention to redeem any of these seven investments in the near future. Twenty three investments, representing approximately 36.1% of the value this investment type, are in closed-end funds and are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 12 years, depending on the vintage year of each fund.

(4) Opportunistic debts - This investment type includes two commingled funds: one that invests primarily in senior loans of non-investment grade companies (senior loan fund) and another one invests primarily in the securities and obligations of companies experiencing operational or financial distress (distressed investment fund). The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). The senior loan fund, representing approximately 99% of the value of this investment type, can be redeemed monthly. The distressed investment fund, representing approximately 1% of the value of this investment type, is being dissolved and is no longer making new underlying investments. Distributions from this fund will be received as underlying investments are liquidated by the fund manager. It is expected that this fund will be liquidated fully over the next three years.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Interest Rate Risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways LACERS manages its exposure to interest rate risk is by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the BC U.S. High Yield 2% Capped Index, the BC Intermediate Government Credit Index, the BC Aggregate Bond Index, or the J.P. Morgan EMBI Global Diversified Index, depending on the LACERS' Board's mandates. The effective duration is a measure, in years, of interest-rate sensitivity in debt investments. The longer the effective duration, the greater the sensitivity to interest rate changes.

Information about the sensitivity of the fair values of LACERS investments to market interest rate fluctuations as of June 30, 2017 is provided by the following table that shows the weighted average effective duration of LACERS fixed income securities by investment type:

Investment Type	Fair Value (in thousands)	Weighted Average Duration (in years)
Asset-Backed Securities	\$ 80,037	1.33
Bank Loans	6,360	0.21
Commercial Mortgage-Backed Securities	33,405	4.95
Corporate Bonds	1,149,635	5.46
Government Agencies	83,032	3.92
Government Bonds	601,803	7.45
Government Mortgage-Backed Securities	357,091	3.90
Index Linked Government Bonds	542,308	7.70
Municipal/Provincial Bonds	9,387	5.25
Non-Government Backed Collateralized Mortgage Obligations (C.M.O.s)	974	2.70
Opportunistic Debts	90,404	0.30
Other Fixed Income (Funds)	868,775	6.02
Derivative Instruments	8	N/A
Total	\$ 3,823,219	

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERS seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income securities by Standard and Poor's (S&P), a nationally-recognized statistical rating organization as of June 30, 2017, are as follows:



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

S & P Ratings	Fair Value (in thousands)	Percentage
AAA	\$ 84,940	3.02 %
AA	1,261,933	44.79
A	175,455	6.23
BBB	552,946	19.63
BB	255,499	9.07
B	329,887	11.71
CCC	34,999	1.24
CC	2,560	0.09
D	628	0.02
Not Rated	118,436	4.20
Subtotal	2,817,283	100.00 %
U.S. Government Guaranteed Securities *	1,005,936	
Total Fixed Income Investments	\$ 3,823,219	

\* Consists of U.S. Government Bonds and GNMA Mortgage-Backed Securities which had the AA+ rating.

*Concentration of Credit Risk.* LACERS' investment portfolio as of June 30, 2017, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of a financial institution's failure of depository financial institution, LACERS would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. As of June 30, 2017, LACERS has exposure to such risk in the amount of \$16.6 million, or 0.3% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 12 different investment managers, and held outside of LACERS custodial bank. LACERS' policy requires each individual publicly traded equities investment manager to hold no more than 10% of their portfolios in the form of cash. LACERS is in compliance with the policy.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, LACERS would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not insured, are not registered in LACERS' name, and are held by the counterparty, or the counterparty's trust department or agent but not in LACERS' name. As of June 30, 2017, LACERS' investments were not exposed to custodial credit risk because all securities were registered in the name of LACERS.

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERS' Asset Allocation policy sets a target of 29% of the total portfolio for non-U.S. investments in equities. In addition, fixed income, real estate, and private equity managers may hold non-U.S. investments depending on their individual mandates. Forward currency contracts are permitted primarily to reduce the foreign currency risk.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

LACERS' non-U.S. currency investment holdings as of June 30, 2017, which represent 28.7% of the fair value of total investments, are as follows (in thousands):

Foreign Currency	Fair Value
Argentine Peso	\$ 2,737
Australian Dollar	159,588
Brazilian Real	82,088
British Pound Sterling	664,334
Canadian Dollar	180,845
Chilean Peso	5,026
Chinese Yuan Renminbi	(92)
Colombian Peso	2,632
Czech Koruna	3,940
Danish Krone	57,772
Egyptian Pound	2,370
Euro	1,186,227
Hong Kong Dollar	305,320
Hungarian Forint	9,005
Indian Rupee	125,382
Indonesian Rupiah	35,599
Israeli New Shekel	12,273
Japanese Yen	738,997
Malaysian Ringgit	36,955
Mexican Peso	41,997
New Taiwan Dollar	125,126
New Zealand Dollar	11,003
Norwegian Krone	32,964
Peruvian Nuevo Sol	1,201
Philippine Peso	16,808
Polish Zloty	19,646
Qatari Rial	1,275
Russian Ruble	11,899
Singapore Dollar	58,387
South African Rand	64,137
South Korean Won	187,677
Swedish Krona	102,484
Swiss Franc	281,443
Thai Baht	31,726
Turkish Lira	28,852
United Arab Emirates Dirham	4,949
Total	<u>\$ 4,632,572</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Highly Sensitive Investments.* Highly sensitive investments are certain debt investments whose terms may cause their fair value to be highly sensitive to market interest rate changes. Terms include embedded options, coupon multipliers, benchmark indexes, and reset dates. LACERS' asset-backed investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the asset-backed investment. The following table shows the fair value of LACERS' asset-backed investments by investment type (in thousands):

Investment Type	Fair Value
Asset-Backed Securities	\$ 80,037
Commercial Mortgage-Backed Securities	33,405
Government Agencies	83,032
Government Mortgage-Backed Securities	357,091
Non-Government Backed C.M.O.s	974
Total	<u>\$ 554,539</u>

**Money-Weighted Rate of Return.** For the fiscal year ended June 30, 2017, the annual money-weighted rate of return on LACERS investments, net of investment expenses was 13.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Derivative Instruments.** LACERS enters into derivative contracts for investment purposes and to manage risks associated with its investment portfolio. For financial reporting purposes, all of LACERS derivatives are classified as investment derivatives.

The notional amount and the fair value of derivative instruments as of June 30, 2017, are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Commodities	\$ 145,947	\$ 2,161	\$ 2,960
Equity Index	15,223	(132)	(290)
Foreign Exchange	(860)	1	(17)
Interest Rate	18,931	8	40
Currency Forward			
Contracts	199,880	(61)	364
Currency Options	N/A	269	269
Right / Warrants	N/A	114	(95)
Total Value		<u>\$ 2,360</u>	<u>\$ 3,231</u>

*Credit Risk.* Derivatives are subject to credit risk that the counterparty to a contract will default. LACERS is exposed to credit risk on reported assets of the investment derivatives that are traded over the counter. The credit risk of exchange traded derivatives for future contracts is considered minimal because the exchange clearing house is the counterparty and guarantees the performance.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

LACERS permits investment managers, under the terms of individual guidelines, to use derivative instruments as set forth in each manager's investment guidelines to control portfolio risk. It is the responsibility of these investment managers to actively monitor counterparties on their financial safety and ensure compliance with the investment restrictions. LACERS has no general investment policy with respect to netting arrangements or collateral requirements. However, these individual investment managers have set up the arrangements with the counterparties to net off the positive and negative contracts with the same counterparty in case of the counterparty's default.

As of June 30, 2017, without respect to netting arrangements, LACERS maximum loss on derivative instruments subject to credit risk, namely currency forward contracts, is \$1.9 million. All counterparties of these investment derivatives had the credit rating of "A" assigned by the Standards & Poor's.

**Securities Lending Transactions.** LACERS has entered into various short-term arrangements with its custodian to lend securities to various brokers. There are no restrictions on the amount of securities that may be lent, and the custodian determines which lenders' accounts to lend securities from by using an impartial sequential system that matches loan requests with various lenders' accounts. All lenders are deemed to have relatively equal opportunity to profit from the lending of securities. Therefore, should a collateral deficiency occur beyond the custodian's responsibilities, the deficiency is allocated pro rata among all lenders.

Minimum collateralization is 102% of the fair value of the borrowed U.S. securities and 105% for international securities. Collateral consists of cash, government and corporate securities, and commercial bank obligations. Cash collateral is invested in a separate account comprised of money market or high quality short term investments.

LACERS cannot pledge or sell non-cash collateral unless the borrower defaults. The cash collateral values of securities on loan to brokers are shown at their fair values on the Statement of Fiduciary Net Position. As of June 30, 2017, LACERS had no losses on securities lending transactions resulting from default of a borrower or lending agent. All securities loans can be terminated on demand by either LACERS or the borrower. Because of this nature, their duration did not generally match the duration of the investment made with the cash collateral.

The following table represents the fair value of securities on loan and cash/non-cash collateral received as of June 30, 2017 (in thousands):

Securities on Loan	Fair Value of Securities on Loan	Cash/Non-Cash Collateral Received
U.S. Government and Agency Securities	\$ 533,337	\$ 546,167
Domestic Corporate Fixed Income Securities	203,295	207,557
International Fixed Income Securities	54,818	57,508
Domestic Stocks	488,897	500,547
International Stocks	394,786	419,925
	\$ 1,675,133	\$ 1,731,704

As of June 30, 2017, the fair value of the securities on loan was \$1.7 billion. The fair value of associated collateral was \$1.7 billion. Of this amount, \$863.7 million represents the cash collateral and \$868.0 million represents the fair value of the non-cash collateral. Non-cash collateral, which LACERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Water and Power Employees' Retirement, Disability, and Death Benefit Insurance; and Retiree Health Benefits Plans (DWP Plans)**

At June 30, 2017, DWP Plans' investments are as follows (in thousands):

Investment Type	Retirement, Disability, and Death Benefit Insurance Plan	Retiree Health Benefits Plan	Total
Domestic Stocks	\$ 4,174,428	\$ 731,796	\$ 4,906,224
International Stocks	2,173,477	364,551	2,538,028
Mortgage and Asset-Backed Securities	170,162	29,142	199,304
Domestic Corporate Bonds	891,027	150,756	1,041,783
International Bonds	301,231	49,279	350,510
Alternative Investments	1,066,185	180,124	1,246,309
Real Estate	656,782	98,213	754,995
U.S. Treasuries	799,187	136,965	936,152
U.S. Agency Notes	742,974	126,625	869,599
Municipal / Provincial Bonds	3,907	659	4,566
Short-Term Investments	363,138	56,040	419,178
Security Lending Collateral	757,737	147,620	905,357
Total	\$ 12,100,235	\$ 2,071,770	\$ 14,172,005

DWP Plans has the following recurring fair value measurement as of June 30, 2017 (in thousands):

Investments by Fair Value	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
<b>Equity Securities</b>				
Domestic Equities	\$ 4,906,224	\$ --	\$ --	\$ 4,906,224
International Equities	2,538,028	--	--	2,538,028
Preferred Securities	21,234	--	--	21,234
<b>Fixed Income Securities</b>				
U.S. Treasuries	--	936,152	--	936,152
U.S. Agencies	--	869,599	--	869,599
Mortgage and Asset Backed Securities	--	199,304	--	199,304
Corporate Debt - Domestic	--	1,020,549	--	1,020,549
Corporate Debt - International	--	226,684	--	226,684
Government Debt - International	--	123,826	--	123,826
Municipal / Provincial Bonds	--	4,566	--	4,566
<b>Alternative Investments</b>				
GILS	--	434,890	--	434,890
Hedge funds	--	99,156	--	99,156
Real Estate	57,440	--	--	57,440
Total Investments by Fair Value	\$ 7,522,926	\$ 3,914,726	\$ --	\$ 11,437,652

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Investments in mutual funds in the amount of \$419.2 million are not included within the fair value hierarchy. These mutual funds include money market funds and short-term investment funds, which costs approximate fair value. Securities lending short-term investment pool balance of \$905.4 million, which costs approximate fair value, are not included within the fair value hierarchy. Investments measured at NAV are also not included within the fair value hierarchy.

Equity securities, preferred securities, and certain real estate funds classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities and real estate funds. Debt securities classified in level 2 of the fair value hierarchy are valued based on evaluated quotes provided by independent pricing services and matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Mortgage and asset backed securities classified in level 2 are valued on the basis of discounted future principal and interest payments.

Alternative investments classified under level 2 include global inflation linked securities (GILS) managed by Western Assets Management Company with total fair value of \$434.9 million. The fair value determination techniques may include, but not be limited to, matrix pricing, modeled securities. Examples of these models include but are not limited to: a) bespoke total return swaps that are priced using the change in relevant indices, and b) certain restructured securities that can be mapped to prices of other securities; and other valuation techniques. These other valuation techniques include, but are not limited to, discounted cash flow methods using comparable index yields, comparable bond spreads applied to treasuries or comparable prepayment speeds and yields, asset based valuations using the values from securities underlying the security being priced, and relative valuation techniques including total enterprise value/earnings before interest, tax, depreciation and amortization for multiple companies and applied to the capital structure of the security being priced. Also classified under level 2 is a hedge fund managed by GAM USA with total fair value of \$99.2 million. Investments held within this fund are valued based on the fund's valuation policy described in the fund's audited annual financial statements.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Fair Value of Investments Measured at the Net Asset Value (NAV).** Below is a summary of the DWP Plans' investments at June 30, 2017 for which fair value is measured based on the NAV (in thousands):

Investments Measured at NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity				
Direct partnership	\$ 349,767	\$ 332,573	Not Eligible	Not Eligible
Fund of funds	90,209	230,575	Not Eligible	Not Eligible
Real Estate				
Open ended	417,812	--	Quarterly	45-90 days
Close ended	279,743	277,784	Not Eligible	Not Eligible
Real Return				
Commodities	143,195	--	Daily	2 days
Timberland	34,099	16,710	Not Eligible	Not Eligible
Hedge Fund				
Fund of funds	94,992	--	Monthly	Monthly
Total Investments Measured at the NAV	<u>\$ 1,409,817</u>	<u>\$ 857,642</u>		

DWP Plans' private equity portfolio consists of ventured capital, leveraged buyouts, distressed debt, and other special equity funds. DWP Plans' participation is either through direct partnership or fund of funds. Both structures are not eligible for redemption. Instead, distributions are received as underlying investments within the partnerships and funds are liquidated, which on average can occur over the span of 10 to 15 years.

The real estate portfolio consists of investments in domestic and international commercial and industrial real property. DWP Plans is invested in both open ended and close ended funds/partnerships. Open ended funds/partnerships can be redeemed subject to the redemption schedule as listed above. Close ended funds/partnerships are not eligible for redemption. Instead, distributions are received as underlying investments within the funds/partnerships are liquidated, which on average can occur over the span of 10 to 15 years.

Real return investments include a commingled commodities fund and two timberland direct partnerships. The timberland partnerships are not eligible for redemption. The estimated duration of these partnerships ranges from 10 to 15 years.

One hedge fund investment is executed through fund of funds. The underlying third party hedge fund managers' strategies could include, but is not limited to convertible arbitrage, distressed securities, fixed income arbitrage, merger arbitrage, long/short credit, long/short equity, etc.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Credit Risk.* DWP Plans' investment policy is to apply the "prudent person" standards. Investments are made with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. DWP Plans' investment policy has been designed to produce the most favorable long-term total portfolio return consistent with reasonable levels of risks. Prudent risk-taking is warranted within the context of overall portfolio diversification.

DWP Plans can invest in both investment grade and high yield fixed income securities. Investment grade fixed income securities that are rated by Moody's, Standard & Poor's, and Fitch, should have a minimum rating of BBB- or Baa3 by two or more rating agencies. Investment managers for investment grade fixed income securities will notify DWP Plans' management of subsequent decline in ratings and will develop an investment strategy for investments rated below Baa3 or BBB-. Active high yield fixed income investment is composed primarily of non-investment grade securities as rated by Moody's, Standard & Poor's or Fitch.



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The credit ratings of DWP Plans' fixed income investments at June 30, 2017 are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 142,911	7.09 %
A or better	176,904	8.78
B or better	1,018,543	50.54
C or better	132,107	6.56
Not Rated	544,876	27.04
Subtotal	2,015,341	100.00 %
U.S. Government Issued or Guaranteed Securities	1,805,750	
Total Fixed Income Investments	\$ 3,821,091	

*Custodial Credit Risk.* For deposits, custodial credit risk is the risk that in the event of a bank failure, DWP Plans' deposits may not be returned. As of June 30, 2017, DWP Plans' cash balances consist primarily of cash deposits in the City Treasury.

*Concentration of Credit Risk.* According to DWP Plans' investment policy, no more than 5% of investments shall be invested in any one issue, except for investment in the fixed income asset class where no more than 10% of investments shall be invested in any one issue. United States Treasury or United States Agency issues are exempted from this limitation. As of June 30, 2017, there were no investment holdings of more than 5% in any one issue in each of the DWP Plans' net position or in DWP Plans' aggregate net position, except investments issued or guaranteed by the U.S. Government and investments in commingled funds.

*Interest Rate Risk.* As of June 30, 2017, DWP Plans' exposure to interest rate risk is as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 936,151	3.88
U.S. Agency Notes	869,599	20.16
Preferred Securities/Convertible Bonds/Other	21,234	--
Mortgage and Asset Backed Securities	199,304	19.11
Corporate Debt - Domestic	1,020,549	9.68
Corporate Debt - International	226,684	12.37
Government Debt - International	123,826	10.36
Municipal / Provincial Bonds	4,566	17.94
Mutual Funds	419,178	--
Total	\$ 3,821,091	10.21

DWP Plans has a long-term investment horizon and it utilizes an asset allocation that encompasses a long-run perspective of capital markets. DWP Plans maintains an interest rate risk consistent with its long-term investment horizon.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Foreign Currency Risk.* DWP Plans' investment policy permits the investment in foreign currency of up to 19% of total investments in non-U.S. investments. As of June 30, 2017, DWP Plans' exposure to foreign currency risk is 12.6% of the fair value of total investments, as follows (in thousands):

Foreign Currency	Fair Value
Australian Dollar	\$ 68,792
Brazilian Real	16,342
Canadian Dollar	70,465
Danish Krone	17,454
Euro Currency Unit	534,319
Hong Kong Dollar	106,246
Hungarian Forint	976
Indonesian Rupiah	9,598
Japanese Yen	307,785
Malaysian Ringgit	8,871
Mexican New Peso	6,842
New Taiwan Dollar	49,458
New Zealand Dollar	8,980
Norwegian Krone	15,667
Philippines Peso	1,298
Polish Zloty	6,449
Pound Sterling	300,974
Singapore Dollar	3,439
South African Comm Rand	14,193
South Korean Won	63,731
Swedish Krona	22,326
Swiss Franc	127,831
Thailand Baht	15,730
Turkish Lira	9,549
Total	<u>\$ 1,787,315</u>

**Money-Weighted Rate of Return.** For the fiscal year ended June 30, 2017, the annual money-weighted rate of return on DWP Plans' investments, net of investment expense, was 12.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

**Derivative Instruments.** The fair value balances and notional amounts of derivatives instruments outstanding at June 30, 2017, classified by type, and the changes in fair values of such derivative instruments are as follows (in thousands):

Type	Changes in Fair Value		Fair Value		Notional Amount
	Classification	Amount	Classification	Amount	
Forward Contracts	Investment Income (Loss)	\$ 2,549	Investment	\$ (4,304)	\$ 1,129,442

At June 30, 2017, DWP Plans had direct commitments to purchase and/or sell foreign currency in the forms of forward contracts as part of the strategy of hedging its currency risk. The fair values of forward contracts were based on the market price.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Securities Lending Transactions.** DWP Plans is authorized by the City Charter and the DWP Plans Board's investment policy to lend its investment securities to various brokers, without limit. The lending is managed by the DWP Plans' custodial bank. DWP Plans or the borrowers can terminate the contract with advance notice. Prior to August 2013, the lending arrangements are collateralized by cash and marketable securities (guaranteed by the full faith and credit of the U.S. Government) at (i) 102% with respect to U.S. Securities; (ii) 105% with respect to foreign securities; or (iii) a percentage mutually agreed of the underlying securities' market value. In August 2013, the Retirement Board adopted an amendment to the securities lending program to expand the acceptance of equities as non-cash collateral. Equities received are required to be collateralized at 110% with respect to loaned securities' value. The custodial bank will assume the equity risk and indemnify DWP Plans 100% for any shortfall if a loan position is not returned, and proceeds from the sale of equity collateral were insufficient to replace the loan position.

These arrangements provide for the return of the investments and a share of the interest earned on the collateral. The securities on loan to brokers remain the property of DWP Plans and continue to be included in their respective accounts on the Statements of Fiduciary Net Position. DWP Plans does not have the ability to pledge or sell collateral assets unless the borrower is in default of its obligation. As of June 30, 2017, DWP Plans has no credit risk exposure because the value of the collateral received exceeded the value of the securities on loan.

DWP Plans' custodian is the authorized agent to handle DWP Plans securities lending activity. DWP Plans' custodian may invest the cash collateral received in connection with securities on loan in investments permitted by DWP Plans. DWP Plans bears sole risk of all losses of the invested collateral, including losses incurred in the event of liquidation of the permitted investments. The custodian bank is responsible for the return of loaned securities from borrowers. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which has an average maturity of 66 days as of June 30, 2017.

The fair values of the underlying securities on loan, collateralized by cash and securities as of June 30, 2017 are (in thousands):

Securities on Loan	Amount
Global Agencies	\$ 943
Global Equities	101,234
Global Corporate Fixed	210
Global Government Fixed	266,489
U.S. Agency Notes	4,700
U.S. Corporate Fixed	184,977
U.S. Equities	439,571
U.S. Government Fixed	438,781
Total	<u>\$ 1,436,905</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Others

Other investments are generally those required to be deposited in accounts established under various bond indentures and will be held, invested and reinvested by the trustees/fiscal agents in permitted investments as defined in the indentures. Investment maturities are scheduled to coincide with bond retirement and interest payments. At June 30, 2017, other investments are as follows (in thousands):

Investment Type	Amount	Investment Maturities			
		1 to 30 Days	31 to 60 Days	61 to 365 Days	366 Days To 5 Years
Short-Term Investment Funds	\$ 219	\$ 219	\$ --	\$ --	\$ --
U.S. Agencies Securities	52,926	8,987	11,825	14,529	17,585
Mutual Funds	53,079	53,079	--	--	--
Money Market Funds	611,412	611,412	--	--	--
Common Stock	187	187	--	--	--
State of California LAIF	333,448	--	--	333,448	--
Guaranteed Investment Contracts	3,613	--	--	--	3,613
Total	\$ 1,054,884	\$ 673,884	\$ 11,825	\$ 347,977	\$ 21,198

*Credit Risk.* At June 30, 2017, \$35.3 million of U.S. Agencies Securities were rated AA+ by S&P and Aaa by Moody's. The remaining \$17.6 million were not rated by S&P or Moody's. \$591.6 million of money market funds were rated AAAM or higher by S&P and Aaa by Moody's. The remaining \$19.8 million were not rated by S&P or Moody's. Mutual funds and short-term investment funds were not rated by S&P or Moody's.

As of June 30, 2017, investments in the Local Agency Investment Fund (LAIF) held by fiscal agents totaled \$333.4 million. The total amount invested by all public agencies in LAIF was \$22.8 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2017, the investments in the PMIA totaled \$77.6 billion, of which 97.1% is invested in non-derivative financial products and 2.9% in structured notes and asset-backed securities. The weighted average maturity of LAIF investments was 194 days as of June 30, 2017. LAIF is not rated.

*Concentration of Credit Risk.* According to the City's Investment Policy, no more than 10% of the portfolio, except U.S. Treasuries and Agencies, may be invested in securities of a single issuer including its related entities. There is no specific requirement in the agreements with fiscal agents that limits the amount fiscal agents may invest in any one issuer. At June 30, 2017, the City had no investment holdings of more than 10% in any one issuer except for the investments issued or guaranteed by the U.S. government.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****B. Receivables****Primary Government**

The primary government's net receivables at June 30, 2017 are as follows (in thousands):

	Governmental Activities	Business-type Activities
Gross Receivables		
Taxes	\$ 688,984	\$ --
Accounts	575,867	1,270,621
Special Assessments	11,689	--
Investment Income	14,814	10,377
Intergovernmental	264,053	89,907
Loans and Notes	2,125,111	595,191
Total	<u>3,680,518</u>	<u>1,966,096</u>
Allowance for Uncollectibles		
Taxes	(23,576)	--
Accounts	(344,464)	(277,950)
Loans and Notes	(1,104,847)	--
Total	<u>(1,472,887)</u>	<u>(277,950)</u>
Net Receivables	<u>\$ 2,207,631</u>	<u>\$ 1,688,146</u>
Net Receivables not scheduled for collection during the subsequent year:		
Loans, Notes and Intergovernmental	\$ 985,115	\$ 610,972

The majority of the governmental activities loans consist of grant funded loans provided as follows: 1) to property owners for the upgrading and rehabilitation of residential or rental properties to eliminate the spread of slums and blight and repair earthquake damage; 2) to businesses to carry out economic development projects; and 3) to community based organizations to acquire, construct or improve existing public facilities. Interest rates ranged from 0.0% to 14.0% for outstanding interest bearing loans. The principal and interest are paid either monthly, quarterly, annually (amortizing loans), or when residual receipts are generated in accordance with the loan agreements (residual receipts loans), or deferred until maturity, transfer of title or sale of property occurs (deferred loans).

The majority of business-type activities loans includes Power's long-term notes of \$546.2 million from Intermountain Power Agency (refer to Note 5C).

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Loans Receivable**

The City uses funds generated from the former CRA, state and federal funding sources to offer financial assistance and below-market interest rates to qualified developers, individuals and families primarily for housing development, rehabilitation, and economic development. Repayment terms on these loans can be classified in the following categories: 1) Deferred loans which are due and payable only upon sale or transfer of title to the property; 2) Amortizing loans which have a set monthly payment, which may be interest bearing or principal only; 3) Service payback loans which by their terms result in no money being paid to the City; 4) Forgivable loans which may convert to grants depending on the terms of the loan agreements; 5) Residual receipts loans which require repayments only when the properties have positive cash flows pursuant to a formula set forth in the loan agreement; 6) Renewal deferred loans which have no scheduled debt service other than renewable maturity dates and may be routinely extended; 7) Terms loans which are essentially balloon payment loans; and 8) Equity share loans which have a 30-year term with the original principal amount plus a percentage share of the home appreciation paid upon sale, transfer or other repayment event.

In the financial statements, loans receivable are reported net of the allowance for uncollectibles. In estimating the allowance, the following were considered: a) composition of the loan portfolio; b) past write-off experience, c) past market valuation; and d) average year-end allowance balance as a percentage of the total portfolio. The allowance estimate is continually evaluated and adjusted to reflect what management believes to be the net realizable value of the total loan portfolio.

**C. Restricted Assets**

The primary government's restricted assets are composed of the following at June 30, 2017 (in thousands):

	Governmental Activities	Business-type Activities
	<u>                    </u>	<u>                    </u>
Cash and Investments		
Pooled Cash and Cash Equivalents, and Other Investments	\$ 19,739	\$ 2,395,226
Investments Held by Escrow and Fiscal Agents	--	1,650,567
	<u>                    </u>	<u>                    </u>
Total (Refer to Note 1E)	<u>\$ 19,739</u>	<u>\$ 4,045,793</u>

Restricted assets of \$19.7 million for governmental activities pertain to funds restricted for projects related with low and moderate income housing.

**D. Regulatory Assets and Liabilities**

Regulatory assets and liabilities are created by the actions of the Board of Water and Power Commissioners by deferring certain expenses and revenues that are recoverable or payable by future rate charges in accordance with the current rate ordinances, so as to more evenly match the recognition of revenues and expenses with the electric rates charged to retail customers.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Power Enterprise Fund**

Below is a summary of Power's regulatory assets and liabilities at June 30, 2017 (in thousands):

Description	Balance	Additions	Deductions	Balance
	June 30, 2016			June 30, 2017
<b>Assets</b>				
Underrecovered Costs	\$ 185,607	\$ --	\$ (29,978)	\$ 155,629
Regulatory Assets – Legal Settlements	128,000		(16,000)	112,000
Regulatory Assets – Solar Incentive Program	200,121	17,292	(12,099)	205,314
Regulatory Assets – Energy Efficiency Program	282,239	133,489	(41,041)	374,687
Regulatory Assets – Customer Care and Billing System	36,314	29,761	(2,773)	63,302
Regulatory Assets – Other	646,674	180,542	(71,913)	755,303
Regulatory Assets – Pension	670,425	--	(55,575)	614,850
Current Portion of Underrecovered Costs	--	213,912	--	213,912
<b>Total Regulatory Assets</b>	<b>\$ 1,502,706</b>	<b>\$ 394,454</b>	<b>\$ (157,466)</b>	<b>\$ 1,739,694</b>
<b>Liabilities</b>				
Overrecovered Energy Costs – Current	\$ 44	\$ --	\$ (44)	\$ --
Deferred Inflows from Business Activities	177,225	402	(74,000)	103,627
<b>Total Regulatory Liabilities</b>	<b>\$ 177,269</b>	<b>\$ 402</b>	<b>\$ (74,044)</b>	<b>\$ 103,627</b>

Regulatory assets for legal settlements pertain to payments to governmental organizations as a result of an agreement reached from the courts related to the inclusion of capital components in the rates charged. Beginning July 2014, customer's bills include a charge for this legal settlement, to be collected over a 10-year period. Starting April 2011, customers' bills include a charge for Power's solar incentive programs, a multiyear program to provide customers with solar incentives for installing solar panels and necessary equipment to generate energy, which will be collected over a 15-year period. Effective July 2011, customers' bills include a charge, for energy efficiency programs to be collected over a 5 to 15 year period, aimed at reducing energy consumption and improving the environment. Beginning January 2014, customers' bills include a charge, related to training for customer care and billing system, to be collected over a 10 year period. The pension regulatory asset was established in relation with the implementation of GASB Statement No. 68 and is expected to be amortized over a period not to exceed 15 years.

As provided in the Electric Rate Ordinance, overrecovered energy costs was set up to maintain balancing accounts to record the differences between specific costs incurred and amounts billed through rates to recovers those costs. The Power plans to adjust rates to recover the accumulated balance in underrecovered costs in the next 12 months and thus, overrecovered costs are shown as a current liability and underrecovered costs are shown as a current asset and represent the balance in the balancing accounts when the amount billed through rates is higher or lower than the costs for the year then conservation efforts resulting in less pass through revenue.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Deferred inflows from business activities represent revenues collected from customers where funds are deferred for future stabilization or deferred because the earnings process is not complete. For the year ended June 30, 2017, the Power recognized \$74.0 million of these revenue.

Underrecovered costs of \$155.6 million was shown as other noncurrent assets in the Statement of Net Position at June 30, 2017.

**Water Enterprise Fund**

Below is the summary of Water's regulatory assets at June 30, 2017 (in thousands):

Description	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Regulatory Assets – Water				
Conservation Rebates	\$ 105,525	\$ 17,231	\$ (9,258)	\$ 113,498
Regulatory Assets – Stormwater				
Capture Program	37,143	--	(1,654)	35,489
Regulatory Assets – Customer Care and Billing System	16,316	12,743	(1,246)	27,813
Regulatory Assets – Other	158,984	29,974	(12,158)	176,800
Regulatory Assets – Pension	320,481	--	(27,269)	293,212
Underrecovered Costs	233,730	32,501	--	266,231
Total	<u>\$ 713,195</u>	<u>\$ 62,475</u>	<u>\$ (39,427)</u>	<u>\$ 736,243</u>

Water conservation is an integral part of the water resources management efforts and is a key element of maintaining a sustainable supply of water for the City. Water provides customers with 26 water conservation programs that are designed to reduce indoor and outdoor water usage. Initially the programs included low-flow showerheads and incentives to customers who purchase the high-efficiency toilets and high-efficiency clothes washing machines in an effort to reduce water use. In 2015, the program was expanded to include outdoor water savings through a turf reduction program to encourage replacing water-guzzling grass with low-water use shrubs and permeable walkways. Beginning June 2011, water bills include a charge, related to water conservation program payments to be collected over a period of 5 to 20 years.

The goal of Water's Stormwater Capture Program is to capture stormwater for recharging the basin with water that would otherwise runoff to the ocean, and thus be lost as a usable source to customers. Regulatory assets related to the Watershed Management Programs include investing in dams, reservoirs, and spreading grounds owned by other agencies, but the water collected benefits Water customers. Beginning August 2013, customers' bills include a related charge to be collected over a period of at least 30 years.



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

In 2016, the Board approved using regulatory accounting for certain Customer Care and Billing System (CC&B) settlement costs for remediation efforts. These costs will be accumulated as regulatory assets to be recovered at a future date. As part of the implementation of CC&B, significant investments in the training of the Water's employees were capitalized as a regulatory asset. Beginning January 2014, customers' bills include a charge to be collected over a 10-year period for the training costs.

The pension regulatory asset was established in relation with the implementation of GASB Statement No. 68 and is expected to be amortized over a period not to exceed 15 years.

As provided in the Water System Rate Ordinance, Water is required to maintain balancing accounts to record differences between specific costs incurred and amounts billed through rates to recover those costs. At June 30, 2017, underrecovered costs of \$266.2 million was included in the prepaid and other assets in the Statement of Net Position.

**E. Joint Ventures****Intermodal Container Transfer Facility Joint Powers Authority**

Harbor and the Port of Long Beach (POLB) entered into a joint powers agreement to form the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) for the purpose of financing and constructing a facility to transfer cargo containers between trucks and railroad cars. Harbor contributed \$2.5 million to the ICTF as part of the agreement. The facility, which began operations in December 1986, was developed and operated by Southern Pacific Transportation Company (SPTC) under a long-term lease agreement. SPTC was subsequently merged and continues operations as Union Pacific Corporation (UPC). Harbor appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. Both Harbor and POLB share income and equity distributions equally.

ICTF has issued bonds in prior years. At June 30, 2017, there were no outstanding bonds.

The ICTF's operations are financed from lease revenues by ICTF activities. The ICTF is empowered to perform those actions necessary for the development of the facility, including acquiring, constructing, leasing, and selling any of its property. Harbor's share of the ICTF's net position at June 30, 2017 was \$5.7 million.

**Alameda Corridor Transportation Authority**

In August 1989, the Alameda Corridor Transportation Authority (ACTA) was established through a Joint Exercise of Powers Agreement between the Cities of Los Angeles and Long Beach, California. The purpose of ACTA is to acquire, construct, finance, and operate a consolidated transportation corridor; including an improved railroad expressway between Harbor and the Port of Long Beach and downtown Los Angeles.

Harbor has no share of the ACTA's net position and income at June 30, 2017, and accordingly, they have not been recorded in Harbor's financial statements. If in the future, ACTA is entitled to distribute income or make equity distributions, Harbor shall share such income and equity distributions equally.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****F. Capital Assets****Governmental Activities**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2017 is as follows (in thousands):

	Balance June 30, 2016	Additions / Transfers	Deductions / Transfers	Balance June 30, 2017
Capital Assets Not Depreciated / Amortized				
Land	\$ 756,195	\$ 66,403	\$ (338)	\$ 822,260
Infrastructure	429,574	98,428	--	528,002
Construction in Progress	802,221	120,606	(136,024)	786,803
Intangible Assets	24,231	3,829	(5,926)	22,134
<b>Total Capital Assets Not Depreciated / Amortized</b>	<b>2,012,221</b>	<b>289,266</b>	<b>(142,288)</b>	<b>2,159,199</b>
Capital Assets Depreciated / Amortized				
Buildings and Improvements	4,731,605	98,925	--	4,830,530
Machinery, Furniture and Equipment	1,491,861	96,774	(64,360)	1,524,275
Infrastructure	3,422,609	51,720	(1,305)	3,473,024
Intangible Assets	114,028	12,601	--	126,629
<b>Total Capital Assets Depreciated / Amortized</b>	<b>9,760,103</b>	<b>260,020</b>	<b>(65,665)</b>	<b>9,954,458</b>
Less: Accumulated Depreciation / Amortization				
Buildings and Improvements	(1,672,848)	(122,579)	--	(1,795,427)
Machinery, Furniture and Equipment	(1,063,552)	(91,487)	64,360	(1,090,679)
Infrastructure	(1,377,639)	(71,545)	1,305	(1,447,879)
Intangible Assets	(65,223)	(9,876)	--	(75,099)
<b>Total Accumulated Depreciation / Amortization</b>	<b>(4,179,262)</b>	<b>(295,487)</b>	<b>65,665</b>	<b>(4,409,084)</b>
<b>Total Capital Assets Depreciated / Amortized, Net</b>	<b>5,580,841</b>	<b>(35,467)</b>	<b>--</b>	<b>5,545,374</b>
Governmental Activities				
Capital Assets, Net	<u>\$ 7,593,062</u>	<u>\$ 253,799</u>	<u>\$ (142,288)</u>	<u>\$ 7,704,573</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation/amortization expense was charged to functions/programs of the governmental activities as follows (in thousands):

Function/Program	Amount
General Government	\$ 31,879
Protection of Persons and Property	74,243
Public Works	49,695
Health and Sanitation	29,823
Transportation	46,510
Cultural and Recreational Services	61,815
Community Development	1,522
Total Depreciation Expense - Governmental Activities	<u>\$ 295,487</u>

**Business-type Activities**

Capital asset activity for business-type activities for the fiscal year ended June 30, 2017 is as follows (in thousands):

	Balance June 30, 2016	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2017
Capital Assets Not Depreciated / Amortized				
Land	\$ 2,716,940	\$ 5,718	\$ (46,455)	\$ 2,676,203
Construction in Progress	4,374,211	3,056,792	(3,610,613)	3,820,390
Intangible Assets	62,728	--	(2,286)	60,442
Nuclear Fuel	39,948	15,127	(13,610)	41,465
Natural Gas Field	213,691	71	(15,617)	198,145
Total Capital Assets Not Depreciated / Amortized	<u>7,407,518</u>	<u>3,077,708</u>	<u>(3,688,581)</u>	<u>6,796,645</u>
Capital Assets Depreciated / Amortized				
Buildings, Facilities and Equipment	45,555,125	3,183,822	(1,166,971)	47,571,976
Intangible Assets	16,071	177,640	--	193,711
Total Capital Assets Depreciated / Amortized	<u>45,571,196</u>	<u>3,361,462</u>	<u>(1,166,971)</u>	<u>47,765,687</u>
Less: Accumulated Depreciation / Amortization				
Buildings, Facilities and Equipment	(18,913,520)	(1,300,931)	1,321,228	(18,893,223)
Intangible Assets	(1,949)	(623)	--	(2,572)
Total Accumulated Depreciation / Amortization	<u>(18,915,469)</u>	<u>(1,301,554)</u>	<u>1,321,228</u>	<u>(18,895,795)</u>
Capital Assets Depreciated / Amortized, Net	<u>26,655,727</u>	<u>2,059,908</u>	<u>154,257</u>	<u>28,869,892</u>
Business Type Activities Capital Assets Net	<u>\$ 34,063,245</u>	<u>\$ 5,137,616</u>	<u>\$ (3,534,324)</u>	<u>\$ 35,666,537</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Additions to accumulated depreciation are accounted for as follows (in thousands):

Depreciation expense charged to functions of business-type activities:	
Airports	\$ 309,126
Harbor	172,895
Power	521,220
Water	156,809
Sewer	153,875
Convention Center	12,422
Total	<u>\$ 1,326,347</u>

Depreciation and amortization expense on the Statement of Revenues, Expenses and Changes in Fund Net Position includes amortization expense on software and regulatory assets, which is not included in the additions to accumulated depreciation above.

Power has undivided direct interests in several electric generating stations and transmission systems that are jointly owned with other utilities. Power will incur certain minimal operating costs related to the jointly owned facilities regardless of the amount or its ability to take delivery of its share of energy generated. Power's proportionate share of the operating costs of the joint plants is included in the corresponding categories of operating expenses. The following schedule shows the ownership interest in each jointly owned utility plant as included in capital assets in the statement of net position at June 30, 2017:

	Ownership Interest	Share of Capacity (megawatts)	Utility Plant in Service (in thousands)	
			Cost	Accumulated Depreciation
Palo Verde Nuclear Generating Station	5.7 %	224	\$ 592,194	\$ 404,669
Mojave Generating Station	10.0	--	3,408	229
Pacific Intertie DC Transmission Line	40.0	1,240	189,549	76,667
Other Transmission Systems	--	Various	109,885	65,464
Total			<u>\$ 895,036</u>	<u>\$ 547,029</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****G. Interfund Receivables, Payables, and Transfers**

The following tables are summaries of the City's interfund balances at June 30, 2017 (in thousands):

**Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General	MICLA Special Revenue	\$ 2,182
	Nonmajor Governmental Funds	61,143
	Sewer	5,313
		<u>68,638</u>
Nonmajor Governmental Funds	General	72,703
	Nonmajor Governmental Funds	20,137
	Agency Fund	185
		<u>93,025</u>
Airports	General	<u>2,849</u>
Power	Water	<u>8,602</u>
Sewer	General	14,685
	Nonmajor Governmental Funds	<u>122</u>
		<u>14,807</u>
Total		<u><u>\$ 187,921</u></u>

The receivable balances of the General Fund are mainly from the various governmental funds, which represent short-term loans to cover tardy receipts of revenues, while the payable balance is composed primarily of encumbered and unexpended budgetary transfers for certain costs allocated to the various funds. Power's receivable from Water is related to outstanding costs of certain services provided by the fund. The receivable balance of Sewer pertains to reconciliation of related cost reimbursements as of June 30, 2017.

The receivable balance of Airports from the General Fund pertains to the current portion of two cases that were settled related with the Federal Aviation Administration (FAA) audit findings of improper payments made by Airports to the General Fund discussed in Note 5C.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental Funds	\$ 12,317
MICLA Debt Service	Nonmajor Governmental Funds	108,784
Nonmajor Governmental Funds	General	2
	Nonmajor Governmental Funds	350
	Agency Funds	45
		<u>397</u>
Airports	General	2,935
Sewer	General	21,095
	Nonmajor Governmental Funds	3,476
		<u>24,571</u>
Agency Funds	Nonmajor Governmental Funds	19,450
Total		<u>\$ 168,454</u>

The above balances represent interfund borrowings payable beyond one year. Advances from the General Fund represent borrowings to cover temporary revenue shortfalls required to be maintained intact. The \$108.8 million MICLA Debt Service advances to other funds represent loans for redeeming Special Parking Revenue Fund bonds, repayment of Street Lighting Maintenance Assessment Fund liabilities to DWP and California Energy Resources and Development Commission; Sixth Street Viaduct Improvement Fund; and Staples Center Trust Fund. The \$21.1 million Sewer advances to the General Fund pertain to related costs reimbursements of \$15.0 million, and \$6.1 million expenditures incurred for the repair of various wastewater facilities damaged during the Northridge earthquake. The payable balance of the General Fund to Airports pertains to the noncurrent portion of two cases that were settled related with the FAA audit findings of improper payments made by Airports to the General Fund discussed in Note 5C.

**Interfund Transfers**

Transfers In	Transfers Out	Amount
General	MICLA Special Revenue Fund	\$ 21
	Nonmajor Governmental Funds	33,201
	Power	264,427
		<u>297,649</u>
MICLA Debt Service	General	186,560
	MICLA Special Revenue Fund	1,690
		<u>188,250</u>
Nonmajor Governmental Funds	General	416,484
	Nonmajor Governmental Funds	88,658
	Convention Center	1,000
		<u>506,142</u>
Total		<u>\$ 992,041</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Transfers are used to 1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and 3) move unrestricted revenues collected in certain enterprise funds to partially finance various programs in the General Fund in accordance with budgetary authorizations.

In fiscal year 2017, significant transfers include the following: 1) \$264.4 million from Power to the General Fund; 2) \$188.3 million from General and Special Revenue Fund for the purpose of debt requirement obligations; and 3) \$416.5 million budget allocation from the General Fund to finance various departmental programs including \$178.7 million to the Recreation and Parks, \$157.9 million for Library Department, and \$23.3 million for payments of sidewalk and curb repairs.

**H. Accounts Payable and Accrued Expenses**

The primary government's accounts payable and accrued expenses at June 30, 2017 are broken down as follows (in thousands):

	Governmental Activities	Business-type Activities
Accounts, Contracts and Retainage Payable	\$ 243,999	\$ 807,940
Accrued Salaries and Overtime Payable	216,052	116,033
Intergovernmental Payable	3,984	--
Other Current Liabilities (excluding workers' compensation, claims, and pollution remediation liability)	--	491,052
Total	<u>\$ 464,035</u>	<u>\$ 1,415,025</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****I. Long-term Liabilities****Governmental Activities**Changes in Long-term Liabilities

The changes in the governmental activities long-term liabilities for the year ended June 30, 2017 are as follows (in thousands):

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
General Obligation Bonds	\$ 790,385	\$ 143,815	\$ (213,765)	\$ 720,435	\$ 90,110
Judgment Obligation Bonds	30,180	--	(7,635)	22,545	7,990
Certificates of Participation and Lease Revenue Bonds	1,626,627	39,298	(128,961)	1,536,964	140,261
Commercial Paper Notes	155,300	133,000	(14,300)	274,000	--
Special Assessment and Revenue Bonds	209,260	--	(30,540)	178,720	31,355
Subtotal Bonds and Notes	2,811,752	316,113	(395,201)	2,732,664	269,716
Add: Unamortized Premium and Discount	242,868	--	(36,604)	206,264	--
Total Bonds and Notes	3,054,620	316,113	(431,805)	2,938,928	269,716
Claims and Judgments	2,541,822	460,905	(453,501)	2,549,226	386,589
Loans Payable to HUD	135,847	--	(30,188)	105,659	5,457
Compensated Absences	578,487	427,564	(405,917)	600,134	158,227
Landfill Liability	43,162	2,918	--	46,080	--
Estimated Pollution Remediation Liability	35,429	18,373	(6,123)	47,679	7,988
Net Pension Liability	6,114,989	1,946,823	(990,695)	7,071,117	--
Net OPEB Obligation	132,506	519	--	133,025	--
Governmental Activities Long-term Liabilities	<u>\$ 12,636,862</u>	<u>\$ 3,173,215</u>	<u>\$ (2,318,229)</u>	<u>\$ 13,491,848</u>	<u>\$ 827,977</u>



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****General Obligation Bonds (GO Bonds)**

The voter authorizations for GO Bonds are summarized as follows (in thousands):

Election Date	Project	Amount Authorized	Amount Issued as of June 30, 2017	Amount Authorized But Unissued
April 1989	Branch Library Facilities	\$ 53,400	\$ 53,400	\$ --
April 1989	Police Facilities	176,000	176,000	--
April 1989	Fire Safety Facilities	60,000	60,000	--
June 1990	Seismic Safety Projects	376,000	376,000	--
November 1998	Library Facilities	178,300	178,300	--
November 1998	Zoo Facilities	47,600	47,600	--
November 2000	Fire, Paramedic, Helicopter and Animal Shelter Projects	532,648	532,648	--
March 2002	Emergency Operations, Fire, Dispatch and Police Facilities	600,000	600,000	--
November 2004	Stormwater Projects	500,000	439,500	60,500
November 2016	Proposition HHH Project	1,200,000	86,370	1,113,630
Total		<u>\$ 3,723,948</u>	<u>\$ 2,549,818</u>	<u>\$ 1,174,130</u>

The bonds are general obligations of the City payable as to principal and interest from proceeds of ad valorem taxes that may be levied, without limitation as to rate or amount, upon property subject to taxation by the City. The GO Bonds outstanding as of June 30, 2017 and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates (Percentage)	Original Amount	Outstanding Balance
Series 2005-B, Refunding	9/1/20	3.000 - 5.000	\$ 73,080	\$ 26,840
Series 2006-A	9/1/26	4.000 - 5.000	71,023	35,100
Series 2008-A	9/1/28	3.750 - 5.000	101,000	52,500
Series 2009-A	9/1/23	1.500 - 4.000	123,550	12,875
Series 2009-B	9/1/29	5.500 - 5.650	52,950	52,950
Series 2011-A	9/1/31	1.500 - 5.000	117,000	17,550
Series 2011-B, Refunding	9/1/23	2.000 - 5.000	259,660	192,505
Series 2012-A, Refunding	9/1/25	5.000	225,850	186,300
Series 2016-A, Refunding	9/1/31	1.050 - 3.150	143,815	143,815
Total			<u>\$ 1,167,928</u>	<u>\$ 720,435</u>

On December 21, 2016, the City issued General Obligation Refunding Bonds (GOB) Series 2016-A of \$143.8 million to refund \$8.1 million of Series 2008-A, \$48.9 million of Series 2009-A, and \$70.2 million of Series 2011-A GOB bonds. The refunding transactions resulted in a cash flow savings of \$0.5 million and an economic gain of \$0.5 million.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Annual debt service requirements to maturity for the GO bonds are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 90,110	\$ 30,491	\$ 120,601
2019	89,080	25,724	114,804
2020	88,835	21,781	110,616
2021	85,435	17,984	103,419
2022	80,550	14,400	94,950
2023-2027	222,410	33,856	256,266
2028-2032	64,015	5,050	69,065
Subtotal	720,435	149,286	869,721
Unamortized Premium and Discount	35,979	--	35,979
Total	\$ 756,414	\$ 149,286	\$ 905,700

**Judgment Obligation Bonds (JOBs)**

The City issued JOBs in June 2009 and June 2010 to pay for judgments related to civil rights violations and claims under the Fair Labor Standards Act. The JOBs outstanding at June 30, 2017 and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates (Percentage)	Original Amount	Outstanding Balance
Series 2009-A	6/1/19	2.000 - 5.000	\$ 20,600	\$ 4,770
Series 2010-A	6/1/20	4.000 - 5.000	50,875	17,775
Total			\$ 71,475	\$ 22,545

Annual debt service requirements to maturity for the JOBs are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 7,990	\$ 1,038	\$ 9,028
2019	8,365	662	9,027
2020	6,190	305	6,495
Subtotal	22,545	2,005	24,550
Unamortized Premium and Discount	388	--	388
Total	\$ 22,933	\$ 2,005	\$ 24,938

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Certificates of Participation and Lease Revenue Bonds

In 1984, the Mayor and the City Council directed that a lease-purchase program for the acquisition and improvement of real property and capital equipment be established. This program was subsequently expanded to include real property projects. A 501(c)(4) nonprofit corporation, MICLA, was created to serve as the lessor. The City and MICLA have entered into a number of lease-purchase agreements funded through the sale of certificates of participation and lease revenue bonds.

The aggregate outstanding balance at June 30, 2017 and the aggregate original amount issued for MICLA's certificates of participation and lease revenue bonds are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
MICLA Various Projects	Various dates through 2042	1.260% - 7.842%	\$ 1,885,460	\$ 1,536,964

The City has pledged, as security for bonds issued by MICLA, revenues consisting of basic lease payments pursuant to the equipment lease and real property agreements and earnings from investment of money held. The City includes all necessary MICLA lease payments in its annual budget appropriations. Principal and interest paid on MICLA bonds for fiscal year 2017 totaled \$208.7 million, while revenue from leases received and investment earnings totaled \$214.0 million.

Annual debt service requirements to maturity for MICLA certificates of participation and lease revenue bonds are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 140,261	\$ 64,648	\$ 204,909
2019	143,177	59,726	202,903
2020	137,538	54,022	191,560
2021	131,214	48,573	179,787
2022	125,004	43,414	168,418
2023-2027	349,124	162,975	512,099
2028-2032	220,966	95,237	316,203
2033-2037	242,005	38,911	280,916
2038-2042	47,675	3,853	51,528
Subtotal	1,536,964	571,359	2,108,323
Unamortized Premium and Discount	156,353	--	156,353
Total	\$ 1,693,317	\$ 571,359	\$ 2,264,676

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

On April 1, 2017, MICLA issued lease revenue bonds Series 2017 Streetlights of \$39.3 million with interest rate of 2.46%. The bonds were issued for financing of the City's acquisition and installation of approximately 17,500 streetlights with light-emitting diode (LED) and/or high voltage conversion and other related improvements.

MICLA's bond payments are secured primarily by revenues from base rental payments, revenues earned by the facility when available, and revenues collected pursuant to the Gap Funding Agreement relative to the Staples Development.

Commercial Paper Notes

In April 2004, the Mayor and City Council approved a \$200.0 million MICLA Commercial Paper Lease Financing Program (Program). The Mayor and City Council increased the Program to \$300.0 million in December 2009, to \$335.0 million in June 2013, and to \$395.0 million in May 2016. This program supplements the MICLA capital equipment and real property lease program, and allows MICLA to access financial markets quickly; to obtain flexible, short-term maturities; to borrow only those amounts needed as invoices are received; and to borrow at more favorable rates. The notes issued mature at a specific time between one and 270 days of issuance. Upon maturity, they are either re-sold in the open market or refinanced with longer-term bonds. As a security to the notes, the City and MICLA entered into an asset-transfer lease agreement on certain capital assets with a carrying net book value as of June 30, 2017 of \$116.4 million and estimated fair value of \$416.7 million. In November 2015, the City created a separate commercial paper program to issue Lease Revenue Commercial Paper Notes for the purposes of making capital improvements to the Los Angeles Convention Center facility, which would also represent a lease obligation of the Fund.

The notes are further secured by direct-pay letters of credit (LOCs) from five commercial banks. Should the City draw on the LOCs and not repay the advance within ninety days, the advance is converted to a term loan with quarterly payments due for five years at various interest rates based on the different letter of credit and reimbursement agreement with banks in the continuing event of default. These commercial paper notes were classified as long term liability as the liquidity facilities give the City the ability to refinance on a long-term basis and the City intends to renew the facility or exercise its right to tender the debt as a long-term financing. MICLA pays a quarterly non-refundable facility fee corresponding to a specified level associated with the applicable lowest long-term rating assigned by Moody's and S&P to the City's unenhanced lease obligation debt. The primary terms of the LOCs are as follows (in thousands):

Series	Authorized Amount	Outstanding Amount	LOC Fee Rate	Expiration Date
Convention Center	\$ 110,000	\$ 4,000	0.350%	11/16/2018
Series A-1/B-1	130,000	95,300	0.450%	6/30/2019
Series A-2/B-2	55,000	40,000	0.450%	6/30/2019
Series A-3/B-3	60,000	17,200	0.400%	6/30/2019
Series A-4/B-4	150,000	117,500	0.480%	6/30/2021

During the year, MICLA issued \$133.0 million of commercial paper notes for the acquisition of capital assets. At June 30, 2017, outstanding commercial paper notes amounted to \$274.0 million with interest rates ranging from 0.86% to 1.14%.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Build America and Qualified Energy Conservation Bonds

MICLA has designated Series 2009-D, Series 2010-B, and Series 2010-C as “Recovery Zone Economic Development Bonds” and Series 2011-A as a “Qualified Energy Conservation Bond” under the provisions of the American Recovery and Reinvestment Act of 2009. MICLA expects to receive a direct subsidy of 45% and 70% of the interest due to bondholders from the United States Treasury for “Recovery Zone Economic Development Bonds” and “Qualified Energy Conservation Bond”, respectively. As of June 30, 2017 and 2016, MICLA recorded \$1.9 million and \$2.1 million, respectively, of the interest subsidy as revenues on the Statement of Revenues, Expenses and Changes in Net Position. Due to the actions by Congress relative to sequestration on March 1, 2013, the subsidy amount of the interest due to bondholders was reduced by 7.3%.

Special Assessment and Revenue Bonds

The special assessment and revenue bonds outstanding at June 30, 2017 and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates (Percentage)	Original Amount	Outstanding Balance
Solid Waste Resources				
Revenue Bonds				
2009-A Series	2/01/19	2.00% - 5.00%	\$ 65,020	\$ 14,025
2009-B Series, Refunding	2/01/20	2.00% - 5.00%	49,485	15,320
2013-A Series	2/01/27	2.00% - 5.00%	73,665	57,665
2013-B Series, Refunding	2/01/29	2.00% - 5.00%	78,780	27,955
2015 Series, Refunding	2/01/24	2.00% - 5.50%	76,670	63,755
Total			<u>\$ 343,620</u>	<u>\$ 178,720</u>

The Solid Waste Resources revenue bonds were issued to finance the acquisition of certain equipment and construction of certain facilities for the refuse collection and disposal system of the City. The bonds are payable from and secured by a pledge of revenues, which include the solid waste collection, transfer, recycling, recovery of waste resources and disposal fees, received by the Solid Waste Resources Revenue Fund. Principal and interest paid for the current year and total solid waste resources revenue were \$39.6 million and \$305.4 million, respectively.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Annual debt service requirements to maturity for the Solid Waste Resources revenue bonds are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 31,355	\$ 7,549	\$ 38,904
2019	31,560	6,021	37,581
2020	32,470	4,441	36,911
2021	15,385	2,720	18,105
2022	11,410	1,951	13,361
2023-2027	54,560	3,952	58,512
2028-2029	1,980	79	2,059
Subtotal	178,720	26,713	205,433
Unamortized Premium	13,544	--	13,544
Total	\$ 192,264	\$ 26,713	\$ 218,977

**Loans Payable to HUD**

The Loans Payable to HUD consist of \$36.1 million fixed-rate loans and \$69.6 million interim financing loans. The loans will be repaid from program income generated by Home Partnership Act Grant (HOME), Community Development Block Grant (CDBG) entitlements and Section 108 Loan Program Funds. The debt service requirements to maturity are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 5,457	\$ 1,781	\$ 7,238
2019	5,684	1,662	7,346
2020	7,180	1,532	8,712
2021	7,895	1,383	9,278
2022	8,121	1,220	9,341
2023 - 2027	38,724	3,525	42,249
2028 - 2032	30,843	1,070	31,913
2033 - 2034	1,755	7	1,762
Total	\$ 105,659	\$ 12,180	\$ 117,839

The interest rates on the fixed-rate loans of \$36.1 million range from 2.620% to 7.210% and have maturity dates through 2033. The interim financing loans of \$69.6 million bear interest payable quarterly at 20 basis points above the applicable London Interbank Offered Rate (LIBOR). The loans mature on various dates through 2034. The interest rate in effect (LIBOR + 0.200%) as of June 30, 2017 of 1.462% was used in the debt service requirement schedule.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Business-type Activities****Changes in Long-term Liabilities**

The changes in the business-type activities long-term liabilities for the fiscal year ended June 30, 2017 are as follows (in thousands):

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Airports Revenue Bonds	\$ 4,694,300	\$ 677,580	\$ (365,785)	\$ 5,006,095	\$ 107,850
Harbor Revenue Bonds and Loans	951,120	201,560	(260,940)	891,740	37,615
Power System Revenue Bonds and Revenue Certificates	8,534,507	845,412	(549,515)	8,830,404	243,049
Water System Revenue Bonds and Loans	4,872,159	601,781	(336,556)	5,137,384	101,251
Wastewater System Revenue Bonds, Notes, and Loans	2,649,619	450,150	(319,399)	2,780,370	95,754
Subtotal Revenue Bonds, Notes, and Loans	21,701,705	2,776,483	(1,832,195)	22,645,993	585,519
Add (Less):					
Net Unamortized Premiums and Discounts	1,549,323	360,464	(154,150)	1,755,637	--
Net Revenue Bonds, Notes, and Loans	23,251,028	3,136,947	(1,986,345)	24,401,630	585,519
Compensated Absences	174,453	33,313	(24,289)	183,477	118,589
Claims and Judgments	190,999	53,721	(26,847)	217,873	21,233
Estimated Pollution Remediation Liability	87,609	80,611	(16,341)	151,879	61,095
Other Liabilities	--	23,820	--	23,820	--
Subtotal	23,704,089	3,328,412	(2,053,822)	24,978,679	786,436
Net Pension Liability	2,057,457	1,139,610	--	3,197,067	--
Derivative Instrument Liabilities	--	39,837	--	39,837	--
Total	\$ 25,761,546	\$ 4,507,859	\$ (2,053,822)	\$ 28,215,583	\$ 786,436

**Airports Revenue Bonds and Notes**

Revenue bonds, revenue refunding bonds, and commercial paper notes outstanding at June 30, 2017, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2046	1.425% - 7.053%	\$ 5,812,275	\$ 5,006,095
Commercial paper notes*	--	variable	48,736	48,736
Subtotal			\$ 5,861,011	5,054,831
Net unamortized bond premiums and discounts				317,381
Net revenue bonds and notes				\$ 5,372,212

\* Commercial paper notes were reported as other current liabilities in the proprietary fund financial statements.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

On December 6, 2016, Airports issued \$226.4 million of LAX senior refunding revenue bonds Series 2016C, and on January 19, 2017, \$451.2 million of LAX subordinate revenue bonds Series 2016B. Series 2016C bonds were issued at par, and the Series 2016B bonds were sold with premium of \$51.1 million. The 2016C bonds were issued to advance refund and defease a portion of the Series 2008A senior revenue bonds in the amount of \$214.1 million. These transactions resulted in a cash flow savings of \$39.7 million and economic gain of \$24.8 million. The 2016B bonds were issued to fund certain capital projects at LAX.

The bonds are subject to optional and mandatory sinking fund redemption prior to maturity. Airports has agreed to certain covenants with respect to bonded indebtedness. Significant covenants include the requirement that Airports' pledged revenues, as defined in the master senior and subordinate indentures, shall be the security and source of payment for the bonds. Airports has received approval from the FAA to collect and use passenger facility charges (PFCs) to pay for debt service on bonds issued to finance the Tom Bradley International Terminal (TBIT) Renovations, Bradley West projects and Terminal 6 improvements. The Board of Airport Commissioners authorized amounts of \$118.0 million for debt service in fiscal year 2017.

The total principal and interest remaining to be paid on the bonds is \$8.8 billion. Principal and interest paid during fiscal year 2017 and the net pledged revenues, after application of the \$118.0 million PFCs funds were \$340.5 million and \$735.5 million, respectively. Advance refunding of LAX Series 2008A was \$214.1 million, and redemption of ONT Series 2006 A and B was \$55.5 million in fiscal year 2017. Airports' net pledged revenue is the difference between operating revenue and adjustments such as federally taxable Build America Bonds subsidy; interest income net of PFCs, customer facility charges and construction funds; rental credits; and maintenance and operating expenses net of PFCs funded. Airports' pledged revenue coverage is found in the Statistical Section-Debt Capacity.

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 107,850	\$ 252,230	\$ 360,080
2019	117,280	247,107	364,387
2020	123,460	241,687	365,147
2021	127,810	236,206	364,016
2022	133,905	230,122	364,027
2023 - 2027	792,265	1,043,324	1,835,589
2028 - 2032	1,027,305	814,098	1,841,403
2033 - 2037	1,321,965	522,756	1,844,721
2038 - 2042	1,062,760	177,721	1,240,481
2043 - 2046	191,495	21,893	213,388
Subtotal	5,006,095	3,787,144	8,793,239
Net unamortized bond premiums and discounts	317,381	--	317,381
Total	\$ 5,323,476	\$ 3,787,144	\$ 9,110,620

As of June 30, 2017, Airports had outstanding commercial paper (CP) notes of \$48.7 million, which was reported as current liabilities in the proprietary fund financial statements. The average interest rate in effect as of June 30, 2017 was 1.07%. The CP notes mature no more than 270 days from the date of issuance. The CP notes were issued as a means of interim financing for certain capital expenditures and redemption of certain bond issues.



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Airports entered into a letter of credit (LOC) and reimbursement agreement with the following institutions to provide liquidity and credit support for the CP program: Bank of the West for \$54.5 million to expire on October 2, 2017; Sumitomo Mitsui Bank for \$109.0 million to expire on October 2, 2017; Wells Fargo Bank for \$218.0 million to expire on October 2, 2017; and Barclays Bank PLC for \$163.5 million to expire on January 16, 2018. Airports had the following CP activities during fiscal year 2017 (in thousands):

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Series B	\$ --	\$ 3,081	\$ --	\$ 3,081
Series C	50,310	341	(4,996)	45,655
	<u>\$ 50,310</u>	<u>\$ 3,422</u>	<u>\$ (4,996)</u>	<u>\$ 48,736</u>

**Build America Bonds**

LAX Subordinate Revenue Bonds 2009 Series C and 2010 Series C with par amounts of \$307.4 million and \$59.4 million, respectively, were issued as federally taxable Build America Bonds (BABs) under the American Recovery and Reinvestment Act of 2009. Airports receives a direct federal subsidy payment in the amount equal to 35% of the interest expense on the BABs. The automatic cuts in spending (referred to as “sequestration”) for the federal fiscal year ending September 30, 2017 reduced the subsidy. The interest subsidy on the BABs was \$7.6 million in fiscal year 2017. The subsidy is recorded as a non-capital grant, a component of other nonoperating revenue.

**Harbor Revenue Bonds and Loans**

Revenue bonds, revenue refunding bonds, and notes outstanding at June 30, 2017, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2045	2.000% - 5.250%	\$ 1,524,865	\$ 891,740
Net unamortized bond premiums and discounts				77,603
Net revenue bonds and notes				<u>\$ 969,343</u>

Revenue bonds and refunding bonds are collateralized by the future revenues of the Harbor Enterprise Fund. Principal and interest paid for the current year and net pledged revenue were \$87.6 million and \$260.1 million, respectively. Harbor’s net pledged revenue is the difference between operating revenue, pledged pooled investment or interest income and non-capital grant revenues, and operating expenses excluding depreciation and amortization, interest and other nonoperating expenses. Information on Harbor’s pledged revenue coverage is found in the Statistical Section-Debt Capacity.

Harbor has established a Commercial Paper program (Program) supported by bank credit lines to issue commercial paper notes (Notes) to provide interim financing primarily for the construction, maintenance, and replacement of Harbor’s structures, facilities, and equipment needs. The total credit available under the current credit facilities that support the Program is at \$200.0 million. The term of the Program will expire in August 2018.

There was no outstanding commercial paper as of June 30, 2017.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 37,615	\$ 42,531	\$ 80,146
2019	44,015	40,868	84,883
2020	46,515	38,836	85,351
2021	48,295	36,547	84,842
2022	51,280	34,069	85,349
2023-2027	290,210	127,383	417,593
2028-2032	99,985	78,115	178,100
2033-2037	127,065	50,399	177,464
2038-2042	98,525	22,619	121,144
2043-2045	48,235	3,698	51,933
Subtotal	891,740	475,065	1,366,805
Net unamortized bond premiums and discounts	77,603	--	77,603
Total	\$ 969,343	\$ 475,065	\$ 1,444,408

The 2016 Series A Refunding Bonds were issued in October 2016, in aggregate principal amount of \$98.0 million to refund the outstanding principal of \$48.6 million of the 2006 Series A Refunding Bonds and \$60.4 million of 2006 Series B Refunding Bonds. The 2016 Series A Refunding transaction resulted in cash flow savings of \$14.7 million and economic gain of \$11.8 million over the life of the bonds. Interest on the 2016 Series A Refunding Bonds is payable semiannually on February 1 and August 1 of each year starting from February 1, 2017. The bonds bear interest at coupon rates from 3% to 5% with maturity dates ranging from August 2017 to August 2024.

The 2016 Series B Refunding Bonds were issued in October 2016, in aggregate principal amount of \$68.4 million to refund the outstanding principal of \$10.2 million of the 2006 Series C Refunding Bonds and a portion of \$100.0 million outstanding principal of 2009 Series B Bonds. The 2016 Series B Refunding transaction resulted in cash flow savings of \$19.1 million and economic gain of \$13.6 million over the life of the bonds. Interest on the 2016 Series B Refunding Bonds is payable semiannually on February 1 and August 1 of each year starting from February 1, 2017. The bonds bear interest at coupon rates from 2% to 5% with maturity dates ranging from August 2017 to August 2036. The Bonds with stated maturities on or after August 1, 2030 shall be subject to optional redemption prior to their maturities on or after August 1, 2026 without early redemption premium.

The 2016 Series C Refunding Green Bonds were issued in October 2016 in aggregate principal amount of \$35.2 million to refund a portion of \$100.0 million outstanding principal of 2009 Series B Bonds. The 2016 Series C Refunding transaction resulted in cash flow savings of \$7.8 million and economic gain of \$7.1 million over the life of the bonds. Interest on the 2016 Series C Refunding Green Bonds is payable semiannually on February 1 and August 1 of each year starting from February 1, 2017. These bonds are term bonds bearing interest at coupon rate of 4% with maturity dates ranging from August 2036 to August 2039. The Bonds with stated maturities on or after August 1, 2036 shall be subject to optional redemption prior to their maturities on or after August 1, 2026 without early redemption premium.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Power Bonds and Revenue Certificates

Revenue bonds and revenue refunding bonds due serially in varying annual amounts are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2048	1.179% - 5.583%	\$ 8,472,343	\$ 7,516,504
Variable rate revenue bonds	2039	variable	1,113,900	1,113,900
Revenue certificates	--	variable	200,000	200,000
Subtotal			<u>\$ 9,786,243</u>	<u>8,830,404</u>
Net unamortized premiums and discounts				688,874
Net revenue bonds and notes				<u>\$ 9,519,278</u>

Revenue bonds generally are callable 10 years after issuance. Power has agreed to certain covenants with respect to bonded indebtedness. Significant covenants include the requirement that the Power's net income, as defined, will be sufficient to pay certain amounts of future annual bond interest and of future annual aggregate bond interest and principal maturities. Revenue bonds and refunding bonds are collateralized by the future revenues of Power.

In February 2017, Power issued \$500.0 million of Power System Revenue Bonds, 2017 Series A. The net proceeds of \$587.2 million, including an \$87.2 million issue premium net of underwriter's discount, were deposited into the construction fund to be used for capital improvements.

In April 2017, Power issued \$345.4 million of Power System Revenue Bonds, 2017 Series B. The net proceeds of \$399.7 million, including a \$54.3 million issue premium net of underwriter's discount, were used to refund a portion of the outstanding Power System Revenue Bonds, 2007 Series A, Subseries A-1, amounting to \$213.5 million, and all of the \$182.1 million outstanding Power System Revenue Bonds, 2007 Series A, Subseries A-2. The transaction resulted in a net present value savings of \$60.1 million and a net gain for accounting purposes of \$7.6 million, which was capitalized as deferred outflows on debt refunding and is being amortized over the life of the refunding bonds.

In May 2017, Power entered into a First Amendment to Continuing Covenant Agreement (Amended CCA) with Wells Fargo Bank to extend the expiration date of the current Continuing Covenant Agreement (CCA) to May 4, 2020. In May 2014, the \$200.0 million Power System Revenue Bonds, 2014 Series A (Power 2014A Bonds) were sold under the CCA in an index floating rate mode under a Direct Purchase structure. Under the Amended CCA, the Power 2014A Bonds will pay interest at a fixed spread of 23 basis points (0.23%) above the Securities Industry and Financial Markets Association Index for the three-year term. At the end of the three-year term, Power would have the option to either renegotiate and renew a new index floating rate term with Wells Fargo or another bank or convert the bonds to another mode, such as a fixed-rate mode or a traditional variable-rate mode, that utilizes a standby agreement.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

As of June 30, 2017, Power had \$1.1 billion in variable rate bonds. The variable rate bonds currently bear interest at weekly and daily rates ranging from 0.500% to 0.910% as of June 30, 2017. Power can elect to change the interest rate period of the bonds with certain limitations. The bondholders have the right to tender the bonds to the tender agent on any business day with seven days' prior notice. Power has entered into standby and line-of-credit agreements with a syndicate of commercial banks in an initial amount of \$579.0 million and \$335.0 million to provide liquidity for the variable rate bonds. The extended standby agreements expire in February 2018 for the \$268.0 million, February 2019 for the \$206.0 million, and January 2020 for the \$106.0 million for a total of \$579.0 million; and in May 2020 for the \$335.0 million.

Under the agreements, the \$579.0 million variable rate bonds will bear interest that is payable quarterly at the greatest of (a) the Prime Rate plus 1.00%; (b) the Federal Funds Rate plus 2.00%; (c) LIBOR Quoted Rate plus 3.00%; (d) 7.00%; and (e) 7.50%, while the \$335.0 million variable rate bonds will bear interest that is payable quarterly at the greatest of (a) the Prime Rate plus 1.00%; (b) the Federal Funds Rate plus 2.00%; (c) 7.00%. The unpaid principal of each liquidity advance made by the liquidity provider is payable in 10 equal semiannual installments 90 days immediately following the related liquidity advance. At its discretion, Power has the ability to convert the outstanding bonds to fixed-rate obligations, which cannot be tendered by the bondholders.

The variable rate bonds have been classified as long-term liabilities in the statement of net position as the liquidity facilities give Power the ability to refinance on a long-term basis and Power intends to either renew the facility or exercise its right to tender the debt as a long-term financing. The portion that would be due in the next fiscal year in the event that the outstanding variable rate bonds were tendered and purchased by the commercial banks under the standby agreements has been included in the current portion of long-term debt and was \$91.0 million at June 30, 2017.

Principal and interest paid for the current year and net pledged revenue were \$518.0 million and \$1.3 billion, respectively. Power's net pledged revenue is the difference between operating revenue, net nonoperating revenue, AFUDC and capital contributions and operating expenses excluding depreciation and amortization expense. Information on Power's pledged revenue coverage is found in the Statistical Section-Debt Capacity.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 131,658	\$ 336,321	\$ 467,979
2019	163,434	340,227	503,661
2020	193,675	341,727	535,402
2021	210,335	336,701	547,036
2022	225,918	330,697	556,615
2023–2027	1,331,446	1,512,268	2,843,714
2028–2032	1,671,113	1,203,599	2,874,712
2033–2037	1,569,290	907,985	2,477,275
2038–2042	1,733,160	549,482	2,282,642
2043–2047	1,342,520	114,232	1,456,752
2048–2052	42,855	--	42,855
Subtotal	8,615,404	5,973,239	14,588,643
Net Unamortized Premiums and Discounts	688,874	--	688,874
Total	\$ 9,304,278	\$ 5,973,239	\$ 15,277,517

The maturity schedule presented above reflected the scheduled debt service requirements for all of the Power's long-term debt, except for the portion of Power System Revenue Bonds 2010 Series C, of which a sinking fund is established in the amount of \$15.0 million as of June 30, 2017. The schedule is presented assuming that the tender options on the variable rate bonds, as discussed on the previous page, will not be exercised and that the full amount of the revenue certificated will be renewed. Should the bondholders exercise the tender options and Power convert all of the revenue certificates under the line of credit, Power would be required to redeem the \$1.3 billion in variable-rate bonds and revenue certificates outstanding over the next six years as follows: \$111.0 million in fiscal year 2018, \$223.0 million in each of the fiscal years 2019 through 2020, \$263.0 million in each of the fiscal years 2021 through 2022, \$151.0 million in fiscal year 2023, and \$40.0 million in each of the fiscal years 2024 through 2025. Accordingly, the statements of net position recognize the possibility of the exercise of the tender options and reflect the \$111.0 million that could be due in fiscal year 2018 as a current portion of long-term debt payable. Interest and amortization include interest requirements for variable-rate bonds. Variable debt interest rate in effect at June 30, 2017 averages 0.908%.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Water Bonds and Loans

Revenue bonds, revenue refunding bonds due serially in varying annual amounts, and other long-term debt are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2051	2.483% - 5.118%	\$ 4,815,220	\$ 4,280,500
Variable rate revenue bonds	2036	variable	325,000	325,000
Loans payable to California SWRCB	2047	1.663% - 2.600%	604,773	531,884
Subtotal			<u>\$ 5,744,993</u>	<u>5,137,384</u>
Net unamortized premiums and discounts				431,781
Net revenue bonds, notes and loans				<u>\$ 5,569,165</u>

Revenue bonds generally are callable 10 years after issuance. Water has agreed to certain covenants with respect to bonded indebtedness. Significant covenants include the requirement that Water's net income, as defined, will be sufficient to pay certain amounts of future annual bond interest and of future annual aggregate bond interest and principal maturities. Revenue bonds and refunding bonds are collateralized by the future revenue of Water.

The Drinking Water State Revolving Fund (DWSRF), administered by the State of California's State Water Resources Control Board, assists public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with Safe Drinking Water Act (SDWA) requirements. The DWSRF utilizes a prioritized project ranking system to ensure that program resources are applied to projects addressing public health risk problems; projects needed to comply with the SDWA; and projects assisting public water systems most in need on a per household-affordability basis. DWP has applied for and received funding from the DWSRF for critical Water capital projects required for compliance with federal drinking water regulations, specifically the Long Term 2 Enhanced Surface Water Treatment Rule and the Stage 2 Disinfection By Products Rule. This funding has been made available to Water in the form of low or zero percent interest loans with a repayment period of up to 30 years.

In May 2017, Water issued \$530.3 million of Water System Revenue Bonds, 2017 Series A. The net proceeds of \$611.9 million, including an \$81.6 million issue premium net of underwriter's discount, were used to pay for budgeted capital improvements, repay the Water System revolving loan amount amounting to \$142.4 million, and refund a portion of the Water System Revenue Bonds 2007 Series A, Subseries A-1, amounting to \$77.7 million and all of the outstanding Water System Revenue Bonds, 2007 Series A, Subseries A-2, amounting to \$197.5 million. The transaction resulted in a net present value savings of \$41.1 million and a net gain for accounting purposes of \$2.5 million, which was capitalized as deferred outflows on debt refunding and is being amortized over the life of the refunded bonds.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Water entered into three (3) loan agreements with the State of California's State Water Resources Control Board (SWRCB). The loan agreements, 14-586-550, 14-310-550, and D15-02014 allow for a total maximum loan of \$0.1 million, \$102.8 million, and \$5.1 million, respectively, at 0.000% to 1.660% interest rate. The proceeds are being used to fund water quality capital improvements.

The variable rate bonds currently bear interest at daily and weekly rates ranging from 0.440% to 0.880% as of June 30, 2017. Water can elect to change the interest rate period of the bonds, with certain limitations. The bondholders have the right to tender the bonds to the tender agent on any business day with seven days' prior notice. Water has entered into standby agreements with a syndicate of commercial banks in an initial amounts of \$225.0 million (2001B, Subseries B 1 to B 3) and \$100.0 million (2001B, Subseries B 4) to provide liquidity for these bonds. The extended standby agreements expire in January 2018 and July 2019, respectively.

Under the agreements, the \$225.0 million variable rate bonds will bear interest that is payable monthly at the greatest of (i) Prime Rate plus 1.000%; (ii) the Federal Funds Rate plus 2.000%; and (iii) 7.500%, while the \$100.0 million variable rate bonds will bear interest that is payable monthly at the LIBOR Index Rate plus 7.500%. The unpaid principal of each liquidity advance made by the liquidity provider is payable in ten equal semiannual installments ninety days immediately following the related liquidity advance. At its discretion, Water has the ability to convert the outstanding bonds to fixed rate obligations, which cannot be tendered by the bondholders.

The variable rate bonds have been classified as long term on the statements of net position as the liquidity facilities give Water the ability to refinance on a long-term basis and Water intends to either renew the facilities or exercise its right to tender the debt as a long-term financing. That portion, which would be due in the next fiscal year in the event that the outstanding variable rate bonds were tendered and purchased by the commercial banks under the standby agreements, has been included in the current portion of long-term debt and remains unchanged at \$32.5 million as of June 30, 2017.

Principal and interest paid for the current year and net pledged revenue were \$243.0 million and \$491.8 million, respectively. Water's net pledged revenue is the difference between operating revenue, net nonoperating revenue, AFUDC and capital contributions and operating expenses excluding depreciation and amortization expense. Information on Water's pledged revenue coverage is found in the Statistical Section-Debt Capacity.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 68,751	\$ 200,303	\$ 269,054
2019	79,842	199,103	278,945
2020	85,681	197,462	283,143
2021	89,889	195,244	285,133
2022	101,385	191,994	293,379
2023-2027	634,174	892,308	1,526,482
2028-2032	774,687	769,947	1,544,634
2033-2037	944,809	620,140	1,564,949
2038-2042	1,189,875	397,796	1,587,671
2043-2047	873,190	159,020	1,032,210
2048-2052	295,101	28,039	323,140
Subtotal	5,137,384	3,851,356	8,988,740
Net Unamortized			
Premiums and Discounts	431,781	--	431,781
Total	\$ 5,569,165	\$ 3,851,356	\$ 9,420,521

The maturity schedule presented above reflects the above scheduled debt service requirements for all of the Water's long-term debt. The schedule is presented assuming that the tender options on the variable rate bonds will not be exercised. Should the bondholders exercise the tender options, Water could be required to redeem the \$325.0 million in variable rate bonds outstanding over the next six fiscal years as follows: \$32.5 million in fiscal year 2018, \$65.0 million in each of the fiscal years 2019 through 2022, and \$32.5 million in fiscal year 2023. Accordingly, the statements of net position recognize the possibility of the exercise of the tender options and reflect the \$32.5 million that could be due in fiscal year 2018, as a current portion of long-term debt payable.

Interest and amortization include interest requirements for the variable rate debt over the regularly scheduled maturity period. Variable debt interest rate in effect at June 30, 2017, averages 0.720%. Should the tender options be exercised, the interest would be payable at the rate in effect at the time the standby agreements are activated.

In December 2016, Water drew down \$142.4 million from the Revolving Line of Credit (RC) with Wells Fargo Bank, National Association, to fund a portion of Water's capital expenditures for fiscal years 2016-17. The \$142.4 million draw was a tax-exempt loan bearing interest based on the Securities Industry and Financial Markets Association Index Rate plus a 0.290% spread. In May 2017, DWP issued Water System Revenue Bonds, 2017 Series A, of which a portion of the proceeds was used to repay the \$142.4 million loan.

In April 2017, Water entered into an Amendment (First Amendment) to the RCA to increase the current line of credit amount from \$300.0 million to the maximum of \$500.0 million approved by the Board of Water and Power Commissioners (the Board). The First Amendment to the RCA provides that the additional \$200.0 million (the Additional Commitment) will be for a period of 12 months commencing on the first date that the aggregate outstanding loan exceeds and original \$300.0 million limit under the current RCA. The related fees, provisions and terms of the Additional Commitment remain the same as those in the existing line of credit when it was initially approved by the Board in December 2015.



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Due to a delay in planning issuance of debt, in June 2017, the Water System borrowed \$250.0 million from the RCA, which was deposited into the Water Revenue Fund to meet the Board adopted financial planning criteria of maintaining a cash balance of at least 150 days of operating expenses of Water. The \$250.0 million draw is a taxable loan being interest based on a London Interbank Offered Rate (LIBOR) Index Rate plus 0.400% spread, which will be paid from the Water Revenue Fund. Water expects to repay the loan or about May 2018.

**Wastewater System Revenue Bonds, Notes, and Loans**

Revenue bonds, revenue refunding bonds, commercial paper notes, and loans outstanding at June 30, 2017, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2047	1.000% - 5.813%	\$ 3,069,685	\$ 2,399,270
Variable rate revenue bonds	2032	variable	280,860	280,860
Loans payable to SWRCB	2024	1.800%	219,081	100,240
Subtotal			<u>\$ 3,569,626</u>	<u>2,780,370</u>
Net unamortized premiums and discounts				239,998
Net revenue bonds and notes				<u>\$ 3,020,368</u>

Wastewater revenue bonds are issued under Senior Lien and Subordinate Lien General Resolutions dated November 10, 1987 and March 26, 1991, respectively, with a total authorization of \$3.5 billion. Proceeds of wastewater revenue bonds and notes are restricted for the funding of the costs of construction, replacement and improvement of the sewerage system of the City. Under the terms of the General Resolution, the City has pledged the Sewer's revenues (as defined) to secure the payment of all bonds issued under the General Resolution. Certain bond agreements provide for the early redemption of the revenue bonds at the City's option at various dates with redemption prices ranging from 100% to 102% of the principal amount of the bonds called for redemption.

On May 24, 2017, Sewer issued Wastewater System Subordinate Revenue Bonds, Series 2017-A, in the amounts of \$227.5 million, with 5.000% interest rates. The proceeds of the Series 2017-A were used to finance the construction and improvement of the System and pay certain costs of issuing the Series 2017-A Subordinate Bonds.

On May 24, 2017, Sewer issued Wastewater System Subordinate Revenue Bonds, 2017-B and 2017-C in the amounts of \$107.2 million with 3.250% to 5.000% interest rates and \$115.5 million with 1.350% to 4.029% interest rates, respectively. The proceeds of the Series 2017-B and 2017-C proceeds were used to partially advance refund Series 2009-A bonds and Series 2010-A bonds and pay certain costs of issuing the Series 2017-B and Series 2017-C bonds. As a result of the refunding, the principal balance of \$228.6 million of Series 2009-A and Series 2010-A is considered defeased and the liability for this bond has been removed from the statements of net position.

The total economic gain for the refunding transactions Subordinate Series 2017-B and Subordinate Series 2017-C were \$14.0 million and \$11.0 million respectively. The total cash flow saving for the refunding transactions Subordinate Series 2017-B and Subordinate Series 2017-C were \$22.3 million and \$23.0 million respectively.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The differences between the net carrying amount of the old debt and the amount required to retire the debt in the amount of \$22.6 million is deferred and amortized over the original remaining life of the old debt or life of the new debt, whichever is shorter.

**Build America and Recovery Zone Economic Development Bonds**

The City has designated the Senior Lien Bonds Series 2010-A and 2010-B as “Build America Bonds” and “Recovery Zone Economic Development Bonds”, respectively, under the provisions of the American Recovery and Reinvestment Act of 2009. The City expects to receive a direct subsidy of 35% and 45% of the interest due to bondholders from the United States Treasury for the Series 2010-A and 2010-B, respectively. As of June 30, 2017, Sewer recorded interest subsidies of \$5.5 million.

In 2003, the City Council adopted a resolution, approved by the Mayor, authorizing a State Revolving Fund Loan (Loan) from the State Water Resources Control Board (SWRCB) in the amount of \$262.9 million to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Project (Project). The Project fulfills certain requirements of the Cease and Desist Order issued by the Regional Water Quality Control Board. The Project is shared by other contract agencies.

As of June 30, 2017, the Loan balance amounted to \$100.2 million. The Loan matures in fiscal year 2025 and annual repayment commenced in August 2005 based on a standard fully amortized loan calculation at an effective interest rate of 1.800%. The Loan is paid from Sewer’s revenues subordinate to the Wastewater System revenue bonds and commercial paper notes. The contract agencies were billed beginning August 2005 for their proportionate share of the debt service costs. Payments received from the contract agencies are recorded as capital contribution, which represents their proportionate share of the costs of the Project.

Principal and interest paid for the current year and net pledged revenue were \$193.6 million and \$330.9 million, respectively. Sewer’s net pledged revenue is the difference between operating revenues and investment income and operating expenses. Information on Sewer’s pledged revenue coverage is found in the Statistical Section-Debt Capacity.

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 95,754	\$ 127,228	\$ 222,982
2019	97,943	122,617	220,560
2020	105,151	118,161	223,312
2021	105,888	113,813	219,701
2022	115,180	109,155	224,335
2023 - 2027	609,834	469,214	1,079,048
2028 - 2032	599,250	344,351	943,601
2033 - 2037	432,810	220,984	653,794
2038 - 2042	382,620	112,821	495,441
2043 - 2047	235,940	26,396	262,336
Subtotal	2,780,370	1,764,740	4,545,110
Net Unamortized			
Premiums and Discounts	239,998	--	239,998
Total	\$ 3,020,368	\$ 1,764,740	\$ 4,785,108

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The maturity schedule presented above reflects the scheduled debt service requirements for all of Sewer's long-term debt. Additionally, the schedule includes interest requirements for the variable rate Refunding Series 2012-D Subordinated Revenue Bonds using the weighted average rate in effect as of June 30, 2017 of 0.704%.

The City issues commercial paper (Notes) at prevailing interest rates for the periods of maturity not to exceed 270 days under the commercial paper program on behalf of the Fund. The Notes are secured by Letter of Credit (LOCs) from Barclays Bank PLC and Sumitomo Mitsui Banking Corporation that both expire on December 7, 2018. The aggregate maximum principal amount of the LOCs is \$ 218.0 million, which consist of \$ 100.0 million in principal plus \$ 9.0 million in interest for each bank. The Fund is responsible for the payment of a non-refundable letter of credit fee for each of the LOC. Should the City draw on the LOCs and not repay the advance within six months, the advance is converted to a new term loan with a semiannual payment due for three years at interest rates not to exceed 12.0% or the maximum rate as permitted by law. Since these Notes are secured by the LOCs with expiration dates in excess of one year after June 30, 2017, Sewere reported these Notes as long-term liabilities. There were no outstanding Notes as of June 30, 2017.

**Tax Exemption and Federal Subsidy**

The Internal Revenue Service (IRS) has a program of random audits of issuers of tax-exempt and federally subsidized securities. Occasionally, bonds issued by the City or its agencies are the subject of IRS audits. The City is unable to predict whether other bonds issued by the City or its agencies might be subjected to audit. Were the IRS to determine as the result of an audit that a City bond issue is not compliant with IRS regulations, the consequences could be material to the financial statements.

**Fiduciary Funds**

Following is a summary of notes payable activity of Pensions for the fiscal year ended June 30, 2017 (in thousands):

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Notes Payable	\$ 182,938	\$ 26,000	\$ (4,055)	\$ 204,883	\$ 2,879

The notes payable of the Pensions are secured by real estate. Interest rates range from 2.900% to 7.500% per annum. The debt service payments to maturity for these notes are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2018	\$ 2,879	\$ 7,410	\$ 10,289
2019	35,250	6,658	41,908
2020	2,385	4,899	7,284
2021	25,373	4,242	29,615
2022	71,844	3,478	75,322
2023- 2027	67,152	2,573	69,725
Total	\$ 204,883	\$ 29,260	\$ 234,143

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****J. Current and Advance Refunding of Debt**

Debt refunding activities occurred during the fiscal year that resulted in the defeasance of certain outstanding obligations. The proceeds from the advance refunding issues and amounts available from the debt service funds of the refunded bonds were deposited into irrevocable trusts with escrow agents. Following are the refunding activities that represent in-substance defeasance such that the refunded debts were removed from the accompanying financial statements (in thousands):

Refunding Debt	Refunded Debt	Cash Flow Savings	Economic Gain
<u>Governmental Activities</u>			
General Obligation Bond Series 2016-A \$143,815 1.050% - 3.550%	General Obligation Bond Series 2008-A \$8,100 4.500% Series 2009-A \$48,900 3.750% - 4.000% Series 2011-A \$70,200 4.500% - 5.000%	\$ (476)	\$ (473)
<u>Business-type Activities</u>			
Airports Senior Refunding Revenue Bonds 2016 Series C (Federally Taxable) \$226,410 1.425% - 3.887%	Airports Senior Revenue Bonds 2008 Series A (AMT) \$214,080 5.250% - 5.500%	39,729	24,812
Harbor Revenue Bonds 2016 Series A \$97,970 3.000% - 5.000%	Harbor Revenue Bonds 2006 Series A and B \$108,985 5.000%	14,718	11,814
Harbor Revenue Bonds 2016 Series B \$68,385 2.000% - 5.000%	Harbor Revenue Bonds 2006 Series C and 2009 Series B \$110,260 5.000%	19,127	13,586
Harbor Revenue Bonds 2016 Series C \$35,205 4.000%	Harbor Revenue Bonds 2009 Series B \$100,000 5.250%	7,770	7,107
Power System Revenue Bonds 2017 Series B \$345,410 5.000% - 5.250%	Power System Revenue Bonds 2007 Series A, Subseries A-1 and Subseries A-2 \$395,600 4.10% - 5.000%	86,470	56,256
Water System Revenue Bonds 2017 Series A \$530,270 4.000% - 5.250%	Water System Revenue Bonds 2007 Series A, Subseries A-1 and Subseries A-2 \$275,165 4.100% - 5.000%	62,083	39,077
Wastewater System Subordinate Revenue Bonds 2017 Series B and C \$222,610 1.350% - 5.000%	Wastewater System Revenue Bonds 2009 Series A 2010 Series A \$228,600 1.600% - 5.750%	45,300	25,000

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****K. Prior Years Defeasance of Debt**

In prior years, the City defeased certain bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

At June 30, 2017, the following bonds are considered defeased (in thousands):

Governmental Activities	
General Obligation Bonds	\$ 127,200
Solid Waste Resources Bonds	24,635
MICLA Certificates of Participation and Lease Revenue Bonds	199,575
Total	<u>\$ 351,410</u>
Business-type Activities	
Harbor Revenue Bonds	\$ 20,780
Power Revenue Bonds	493,360
Water Revenue Bonds	341,205
Sewer Revenue Bonds	228,620
Total	<u>\$ 1,083,965</u>

**L. Tax and Revenue Anticipation Notes**

On June 21, 2016, in anticipation of receiving taxes and other revenues, the City issued tax and revenue anticipation notes (TRAN) with an overall true interest cost of 0.707% and total premium of \$28.9 million, depositing the proceeds in a General Fund account. The notes were issued to pay the City's annual contributions to Pensions and LACERS at the beginning of the fiscal year and to provide effective cash flow management of the General Fund. The additional interest earned by the pension funds from these early payments was used to discount the required City contribution without reducing the pension funds' annual receipts.

Short-term debt activity for the fiscal year ended June 30, 2017 was as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and Revenue Anticipation Notes	\$ --	\$ 1,447,680	\$ (1,447,680)	\$ --

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****M. Interest Rate Swaps****Wastewater System Subordinate Variable Rate Revenue Refunding Bonds**

**Objective of the swaps.** In March 2006, in order to protect against the potential of rising interest rates, Sewer entered into two separate pay-fixed, receive-variable interest rate swap agreements (Swap Agreements) on the \$316.8 million Wastewater System Subordinate Variable Rate Revenue Refunding Bonds Series 2006 A-D (Series 2006 A-D). The expected costs associated with the swaps are less than what Sewer would have paid if it had issued fixed-rate debt.

On May 1, 2008, Sewer refunded Series 2006 A-D with the issuance of \$314.8 million Wastewater System Subordinate Revenue Bonds Variable Rate Revenue Refunding Series 2008 A-H (Series 2008 A-H). On April 17, 2012, Sewer refunded a portion of the Series 2008 A-F1 and partially terminated the Swap Agreements by issuing the Series 2012-A Subordinate Bonds. On December 18, 2012, Sewer refunded the remaining outstanding Series 2008 A-H with the issuance of \$280.9 million Wastewater System Subordinate Revenue bonds, Variable Rate Refunding Series 2012-D. Of this amount, the swaps serve as a hedge for \$151.1 million of the Series 2012-D Bonds as of June 30, 2017.

The fair value and notional amounts of the interest rate swaps outstanding at June 30, 2017, classified by type, and changes in fair value for the fiscal year then ended are as follows (in thousands):

	Changes in Fair Value		Fair Value at June 30, 2017		Notional Amount
	Classification	Amount	Classification	Amount	
Cash flow hedges:					
Interest rate swaps	Deferred outflow of resources	\$ 25,197	Liabilities	\$ 25,197	\$ 151,085

**Terms, fair values and credit risk.** Under the interest Swap Agreements, Sewer owes interest to the counterparties calculated on a notional amount at a fixed rate and the counterparties owe Sewer interest on the same notional amount at a variable rate. Specific terms, including the fair values and counterparty credit ratings of the outstanding swaps as of June 30, 2017, are as follows (in thousands):

Notional Amount (in thousands)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Ratings <sup>(1)</sup>
\$ 75,543	4/6/2006	3.340 %	64.100% of LIBOR <sup>(2)</sup>	\$ 12,598	6/1/2028	Aa1/AA-/AA
75,542	4/6/2006	3.340	64.100% of LIBOR <sup>(2)</sup>	12,598	6/1/2028	Baa3/BBB/BBB+

<sup>(1)</sup> Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively as of June 30, 2017

<sup>(2)</sup> One-month LIBOR reset monthly. 64.1% of one-Month LIBOR as of June 30, 2017 was 0.78451%.

The notional amounts of the swaps match the principal amount of the associated debt. The Swap Agreements contain scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated debt.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Method of calculating fair value.** Because swap interest rates were lower on June 30, 2017 than at the date the Swap Agreements were entered into, the swap's fair value decreased as of June 30, 2017. The fair values were estimated using the zero-coupon method and include accrued interest. This method calculates the future net settlement payments required by the swap agreements, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Risks and description of risks that the swap agreements are exposed to that could give rise to financial loss are extant as of June 30, 2017.

**Credit risk.** The fair values of the swaps represented Sewer's credit exposure to the swap counterparties as of June 30, 2017. If a counterparty to a swap transaction failed to perform according to the terms of the swap contract, and Sewer chose to terminate the swap, Sewer would be owed a termination payment by the counterparty. If the swaps had a negative fair value at the time the counterparty failed to perform, Sewer would be required to make a payment to the counterparty. To mitigate credit risk, a counterparty must fully collateralize the fair value of the swap with U.S. government securities if two of its credit ratings fall below Moody's Investors Service Aa3, or AA- of Fitch Ratings or Standard & Poor's. Collateral would be posted with a third-party custodian. Dexia Credit Locale, New York Branch was rated below the specified requirements as of June 30, 2017; however, no collateralization was necessary because the fair value of the swap indicated that Dexia Credit Locale would not be required to make a payment to Sewer in the event of a termination at that time.

**Basis risk.** Sewer is exposed to basis risk when the relationship between 64.100% of LIBOR and the actual rates on the associated variable rate bonds diverge. In this situation, the expected savings may not be realized. As of June 30, 2017, the weighted average rate on the variable rate bonds were 0.784% whereas 64.100% of applicable LIBOR was equal to 0.785%.

**Termination risk.** Sewer or the counterparties may terminate the Swap Agreements if the other party fails to perform under the terms of the contract or if various other events occur. If at the time of the termination the swap has a negative fair value, Sewer would be liable to the counterparty for a payment equal to the swap's fair value. If any of the swaps were terminated and not replaced, Sewer would not receive a payment from the counterparty to offset its variable interest expense on the associated variable rate bonds. Annual net interest paid and or received started July 1, 2016 through termination date.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Swap Payments and Associated Debt.** Using rates as of June 30, 2017, net swap payments and debt service requirements of the associated variable-rate debt are as follows (in thousands):

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net <sup>(2)</sup>	Total
	Principal	Interest <sup>(1)</sup>		
2018	\$ --	\$ 1,063	\$ 3,861	\$ 4,924
2019	--	1,063	3,861	4,924
2020	--	1,063	3,861	4,924
2021	--	1,063	3,861	4,924
2022	--	1,065	3,861	4,926
2023 - 2027	73,070	5,064	18,386	96,520
2028	78,015	828	3,007	81,850
Total	\$ 151,085	\$ 11,209	\$ 40,698	\$ 202,992

<sup>(1)</sup> Assumes rate of 0.70386% (the applicable rate on June 30, 2017), excluding fixed rate component

<sup>(2)</sup> Assumes swap rate of 3.34% less 0.78451% (64.1% of applicable LIBOR on June 30, 2017)

As rates vary, variable-rate bond interest payments and net swap payments will vary.

**N. Electricity Swap and Forward Contracts**

In order to obtain the highest market value on energy that is sold into the wholesale market, the Department of Water and Power (DWP) monitors the sales price of energy, which varies based on which hub the energy is to be delivered. There are three primary hubs within the DWP's transmission region: Palo Verde, California-Oregon Border, and Mead. DWP enters into various locational swap transactions with other electric utilities in order to effectively utilize its transmission capacity and to achieve the most economical exchange of energy purchased and sold.

DWP procures renewable energy resources located remotely. These resources provide intermittent and limited source of energy and these resources are not directly connected to DWP's transmission system. In order to receive firm renewable energy, DWP entered into a green-for-green energy exchange with the same or different Renewable Energy Credit source.

DWP enters into power and natural gas forward contracts in order to meet the electricity requirements to serve its customers. To assist DWP in achieving its Renewable Portfolio Standards (RPS) goal of 25%, some of the forward purchases made are renewable energy and biomethane gas.

DWP does not enter into swap and forward transactions for trading purposes. All of these transactions are intended to be used in DWP's normal course of operations. DWP is exposed to risk of nonperformance if the counterparties default or if the swap agreements are terminated.



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

As of June 30, 2017, Power had the following Electricity Swap and Forward Contracts, which are not recorded in the Power's financial statements based on the criteria in GASB Statement No. 53 (amounts in thousands):

Description	Notional Amount (Total Contract Quantities)	Contract Price Range Dollar per Unit	First Effective Date	Last Termination Date	Fair Value	Cash Paid at Inception
Forward contracts						
Electricity	329,004 Mwh	\$ 19.06 - 52.80	07/01/17	12/31/17	\$ 776	\$ --
Natural gas	10,296,000 MMBtu	10.85	07/01/17	10/31/21	(82,849)	--

**O. Leases****Governmental Activities**

The City leases a significant amount of property and equipment under operating leases. Total rental expenditures, incurred primarily in the General Fund, on the operating leases for the fiscal year ended June 30, 2017 were approximately \$25.5 million.

The future lease payments under non-cancellable operating lease agreements are as follows (in thousands):

Fiscal Year	Amount
2018	\$ 7,641
2019	6,646
2020	4,688
2021	4,749
2022	4,752
2023 - 2027	24,472
2028 - 2032	17,280
2033 - 2037	8,322
2038 - 2042	9,647
2043 - 2047	11,183
2048 - 2052	12,965
2053 - 2056	8,491
Total	<u>\$ 120,836</u>

The City also leases certain property and equipment under capital leases with the following component units/funds.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Municipal Improvement Corporation of Los Angeles (MICLA)**

The MICLA was formed to finance certain capital improvement projects of the City and enter into long-term capital lease agreements with the City. Under the lease agreements, title transfers to the City at the end of the lease term. If the City defaults under the Lease and Trust Agreements, the Trustee may terminate the lease and re-let the properties, except for the Streetlights Refinancing Series. Since MICLA is included in the City's reporting entity, the lease payments by the City are accounted for in the fund financial statements as transfers from the General Fund and certain special revenue funds to the MICLA Debt Service Fund. The leases have been eliminated in the government-wide financial statements.

**Business-type Activities****Airports**

Airports has entered into numerous rental agreements with concessionaires for food and beverage, gift and news, duty-free, rental car facilities, and advertisements. In general, the agreements provide for cancellation on a 30-day notice by either party; however, they are intended to be long-term in nature with renewal options. Accordingly, these agreements are considered operating leases for purposes of financial reporting.

The agreements provide for a concession fee equal to the greater of a minimum annual guarantee (MAG) or a percentage of gross revenues. Certain agreements are subject to escalation of the MAG. For the fiscal year ended June 30, 2017, revenues from such agreements were \$333.2 million, of which \$111.0 million were over the MAG. Minimum future rents or payments under these agreements over the next five years, assuming no material changes from concessionaires' current levels of gross sales, and that current agreements are carried to contractual termination, are as follows (amounts in thousands):

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 177,394
2019	130,077
2020	130,077
2021	34,944
2022	12,073
Total	<u>\$ 484,565</u>

On March 1, 2012, Airports and Westfield Airports, LLC (Westfield) entered into a Terminal Commercial Management Concession Agreement (3-1-12 Agreement) for Westfield to develop, lease, and manage retail, food and beverage and certain passenger services in specified locations at the Tom Bradley International Terminal (TBIT) and Terminal 2 at LAX for a term of 17 years consisting of two-year development period and fifteen-year operational period. Since then, the Terminal 2 portion has been amended with an expiration date the same as the TBIT portion, which is no later than January 31, 2032. Westfield will select concessionaires subject to Airports' approval. Concession agreements awarded by Westfield shall have a term no longer than ten years. The agreement requires Westfield and its concessionaires to invest no less than \$81.9 million in initial improvements and \$16.4 million in mid-term refurbishments. Such improvements are subject to Airports' approval. The initial non-premises improvements, as defined, shall be acquired by and become the property of Airports by cash payment to Westfield or the issuance of rent credit.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Under the 3-1-12 Agreement, the MAG will be adjusted each year by the greater of (a) \$210 per square foot escalated by the Consumer Price Index, but not greater than 2.5% for any year, or (b) 85% of the prior year's Percentage Rent (as defined) paid to Airports beginning January 1, 2014. For any year in which the number of enplaned passengers in TBIT and Terminal 2 is (a) less than the 2011 passenger enplanements, or (b) less than 90% of the prior year's passenger enplanements in these terminals, an additional adjustment to the MAG is calculated on a retroactive basis.

On June 22, 2012, Airports and Westfield entered into another Terminal Commercial Management Concession Agreement (6-22-12 Agreement) for Westfield to develop, lease, and manage retail, food and beverage and certain passenger services in specified locations at the Terminals 1, 3, and 6 at LAX. The term of this agreement is 17 years consisting of two-year development period and fifteen-year operational period. Under this agreement, the expiration dates of Terminal 1, 3 and 6 are June 30, 2032, June 30, 2029 and September 30, 2030, respectively. Westfield will select concessionaires subject to Airports' approval. Concession agreements awarded by Westfield shall have a term no longer than ten years. The agreement requires Westfield and its concessionaires to invest no less than \$78.6 million in initial improvements and \$15.7 million in mid-term refurbishments. Such improvements are subject to Airports' approval. The initial non-premises improvements, as defined, shall be acquired by and become the property of Airports by cash payment to Westfield or the issuance of rent credit.

Under the 6-22-12 Agreement, the MAG will be adjusted each year by the greater of (a) \$240.0 per square foot escalated by the Consumer Price Index, but not greater than 2.5% for any year, or (b) 85% of the prior year's Percentage Rent (as defined) paid to Airports. For any year in which the number of enplaned passengers in Terminals 1, 3, and 6 is (a) less than the 2011 passenger enplanements, or (b) less than 90% of the prior year's passenger enplanements in these terminals, an additional adjustment to the MAG is calculated on a retroactive basis beginning January 1, 2014.

Minimum future rents under these two agreements with Westfield over the next five years assuming no material changes from concessionaires' current levels of gross sales are estimated as follows (amounts in thousands):

Fiscal Year	Amount
2018	\$ 37,100
2019	38,028
2020	38,979
2021	39,953
2022	41,458
Total	<u>\$ 195,518</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Airports also leases land and terminal facilities to certain airlines and others. The terms of these long-term leases range from less than 10 years to 40 years and generally expire between 2017 and 2025. Certain airlines and consortium of airlines at LAX also pay maintenance and operating charges (M&O Charges) that include direct and indirect costs allocated to all passenger terminal buildings, other related and appurtenant facilities, and associated land. Rates for M&O Charges are set each calendar year based on the actual audited M&O Charges for the prior fiscal year ended June 30. The land and terminal lease agreements are accounted for as operating leases. For the fiscal year ended June 30, 2017, revenues from these leases were \$618.3 million.

Future rents under these land and terminal lease agreements over the next five years were based on the assumption that current agreements are carried to contractual termination. The estimated future rents are as follows (amounts in thousands):

Fiscal Year	Amount
2018	\$ 591,642
2019	571,190
2020	556,553
2021	540,643
2022	477,321
Total	<u>\$ 2,737,349</u>

The carrying cost and the related accumulated depreciation of property held for operating leases as of June 30, 2017 are as follows (in thousands):

Buildings and facilities	\$ 4,958,174
Less: Accumulated Depreciation	<u>(850,205)</u>
Net	4,107,969
Land	<u>630,002</u>
Total	<u>\$ 4,737,971</u>

Airports leases office spaces under operating lease agreements that expire through 2032. Lease payments for the fiscal year ended June 30, 2017 amounted to \$7.2 million. Future minimum lease payments under the agreements are as follows (in thousands):

Fiscal Year	Amount
2018	\$ 7,381
2019	7,190
2020	5,676
2021	3,557
2022	3,557
2023 - 2027	16,899
2028 - 2032	<u>9,459</u>
Total	<u>\$ 53,719</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Harbor

A substantial portion of Harbor's lands and facilities are leased to others. Leases relating to terminal operations tend to be long-term in nature (as long as 50 years), which generate 84.7% of Harbor's operating revenues. Leases relating to revocable permits and space assignments that are short-term in nature provide for cancellation on a 30-day notice by either party. Majority of Harbor's leases provide retention of ownership by Harbor or restoration of the property to pre-leases conditions at the expiration of the agreement; accordingly, no leases are considered capital leases.

MAG agreements relate to shipping services and certain concessions provide for the additional payment beyond the fixed portion, based upon tenant usage, revenues, or volumes. Agreements relating to terminal operations tend to be long-term in nature (as long as 50 years) and are made to provide Harbor with a firm tenant commitment. These agreements are subject to periodic review and reset of base amounts. For the year ended June 30, 2017, the minimum rental income from such lease agreements was approximately \$51.3 million. For the year ended June 30, 2017, the MAG payments were approximately \$269.5 million and were reported under shipping services revenue.

Assuming that current agreements are carried to contractual termination, minimum tenant commitments due to the Harbor over the next five years are as follows (in thousands):

Fiscal Year	Rental Income	MAG Income
2018	\$ 51,770	\$ 275,205
2019	52,288	282,039
2020	52,810	283,130
2021	53,339	283,063
2022	53,872	283,083
Total	\$ 264,079	\$ 1,406,520

The carrying cost and related accumulated depreciation of property held for operating leases as of June 30, 2017 are as follows (in thousands):

Wharves and sheds	\$ 1,181,381
Cranes/bulk facilities	29,879
Municipal warehouses	13,766
Port pilot facilities and equipment	9,512
Buildings and other facilities	1,046,651
Cabrillo Marina	179,942
Total	2,461,131
Less: Accumulated depreciation	(1,201,865)
Net	\$ 1,259,266

**Fiduciary Funds**

Pensions leases office space under an operating lease agreement that was discontinued with appropriate notice to the building management. There is no lease payment for the fiscal year ended June 30, 2017. There are no minimum lease commitment for future fiscal years.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****P. Risk Management - Estimated Claims and Judgments Payable****Governmental Activities**

Because of its size and financial capacity, the City has long followed the practice of directly assuming virtually all insurable risks without procuring commercial insurance policies, except for specific exposures where legally required, contractually required or when judged to be the most cost effective method of risk financing. The extent and variety of City exposure is such that the cost of the premiums would outweigh the benefits of such coverage. The City administers, adjusts, settles, defends and pays claims from budgeted resources. Funds are budgeted annually to provide for claims and other liabilities based both on the City's historical record of payments and an evaluation of known or anticipated claims.

As discussed in the summary of significant accounting policies (Note 1E), the City recognizes a liability for claims and judgments when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Included in the account are amounts for tort liability and workers' compensation, which include IBNR liabilities, and provision for allocated expenses.

As of June 30, 2017, a number of lawsuits and claims were pending against the City that arose in the normal course of the City's general governmental operations. The City estimates the amount of tort and non-tort liabilities to be probable of occurring as of June 30, 2017 at approximately \$594.7 million. Of this amount, approximately \$209.1 million is estimated to be payable in the next fiscal year. The City Attorney also estimates that certain pending lawsuits and claims have a reasonable possibility of resulting in additional liability totaling \$26.0 million. However, no amount has been accrued in the accompanying financial statements because it is not probable that a loss has been incurred as of June 30, 2017.

The City's liability for tort cases was actuarially estimated. The total of the present value of the estimated outstanding losses and loss adjustment expenses was used to record the City's liability for tort cases. The present value of the estimated outstanding losses and loss adjustment expenses was calculated based on a 3.0% yield on investments.

The liability for workers' compensation was recorded using the present value of the actuarially estimated outstanding losses, which were based on an analysis of the City's historical loss and allocated loss adjustment expenses. The present value of the estimated outstanding losses was calculated based on a 3.0% yield on investments. At June 30, 2017, the City estimates its workers' compensation liability at \$2.0 billion. Of this amount, \$177.5 million is estimated to be payable in the next fiscal year.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Business-type Activities**

## Airports Enterprise Fund

The Risk Management Division administers Airports' risk and claims management program by implementing a comprehensive risk identification, assessment, regulation and insurance program. The program addresses key risks that may adversely affect Airports' ability to meet its business goals and objectives and effectively insures against losses, transfers risk or otherwise mitigates risk losses. Airports maintains insurance coverage of \$1.3 billion for general aviation liability perils and \$1.0 billion for war and allied perils (Terrorism). Additional insurance coverage is carried for general all risk property insurance for \$2.5 billion, that includes \$250.0 million sub-limits for boiler and machinery, and \$25.0 million for earthquake perils. Deductibles for these policies are \$10,000 per claim with a \$500,000 annual aggregate for general liability losses, and \$100,000 per occurrence and no aggregate for general property casualty. Historically, no liability or property claims have reached or exceeded the stated policy limits stated above.

Additionally, Airports maintains catastrophic loss fund for claims or losses that may exceed insurance policy limits or where insurance is not available or viable. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. Airports also monitors contractual transfer of risk by and through insurance review and requirements of contractors, tenants, airlines. For fiscal year 2017, no claims were in excess of Airports' insurance coverage or approached a substantial portion of the overall coverage capacities. A number of claims/lawsuits were pending against Airports that arose in the normal course of its operations. Airports recognizes a liability for claims and judgments when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The probability weighted liability for litigation and other claims for the fiscal year ended June 30, 2017 was \$10.1 million. Airports is self-insured as part of the City's program for workers' compensation. All workers' compensation cases are processed by the City. Liability and risk are retained by Airports. The actuarially determined accrued liability for workers' compensation includes provision for incurred but not reported claims and loss adjustment expenses. The present value of the estimated outstanding losses was calculated based on a 3% yield on investments. Airports' accrued workers' compensation liabilities at June 30, 2017 was \$69.6 million.

## Harbor Enterprise Fund

Harbor purchases insurance for a variety of exposures associated with property, automobiles, vessels, employment practices, travel, police, pilotage, special events, and terrorism. The City is self-insured for workers' compensation, and Harbor participates in the City's self-insurance program. Third party general liability exposures are self-insured by Harbor for \$1.0 million and the excess liability is maintained over the self-insured retention. There have been no settlements in the past three years that have exceeded Harbor's insurance coverage. The actuarially determined accrued liability for workers' compensation includes provision for incurred but not reported claims and loss adjustment expenses. Harbor's accrued workers' compensation liability at June 30, 2017 was \$14.8 million. A number of lawsuits were pending against Harbor that arose in the normal course of operations. Harbor recognizes a liability for claims and when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The City Attorney provides estimates for the amount of liabilities to be probable of occurring from lawsuits. Harbor's liability for litigation and other claims at June 30, 2017 was \$1.9 million.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

## Power and Water Enterprise Funds

DWP is subject to certain business risks common to the utility industry. The majority of these risks are mitigated by external insurance coverage obtained by DWP. For other significant business risks, however, DWP has elected to self-insure. DWP believes that exposure to loss arising out of self-insured business risks will not materially impact the Power's and Water's financial position, results of operations, or cash flows as of June 30, 2017.

Liabilities for unpaid workers' compensation claims are recorded at their net present value when they are probable of occurrence and the amount can be reasonably estimated. The liability is actuarially determined based on an estimate of the present value of the claims outstanding and an amount for claim events incurred but not reported based upon the Department's loss experience, less the amount of claims and settlements paid to date. The discount rate used to calculate this liability at its present value was 2.0% at June 30, 2017. The Department has third-party insurance coverage for workers' compensation claims over \$1.0 million.

Overall indicated reserves for workers' compensation claims, for both the Power and Water, undiscounted, have increased from \$104.0 million as of June 30, 2016 to \$115.0 million as of June 30, 2017. This increase was mainly attributable to the number of open cases filed at the Department. Workers' compensation claims typically take longer than one year to settle and close out.

## Power Enterprise Fund

**Derivative Instruments.** DWP enters into natural gas hedging contracts in order to stabilize the cost of gas needed to produce electricity to serve its customers. It is designed to cap gas prices over a portion of the forecasted gas requirements. DWP does not speculate when entering into financial transactions. Financial hedges are variable to fixed-rate swaps and are layered by volumetric averaging. DWP is exposed to financial settlement risk if the counterparties default and/or the agreements are terminated. DWP did not receive any payments at the inception of any swap transaction.

As of June 30, 2017, DWP'S financial natural gas hedges by fiscal year are the following (fair value in thousands):

Derivative Description	Notional Amount (Total Contract Quantities*)	Contract Price Range Dollar per Unit	First Effective Date	Last Termination Date	Fair Value
Financial natural gas					
FY 2017-2018	18,432,500	\$ 2.720 - 7.140	07/01/17	06/30/18	\$ (12,493)
FY 2018-2019	10,950,000	2.510 - 2.780	07/01/18	06/30/19	(1,411)
FY 2019-2020	5,490,000	2.480 - 2.830	07/01/19	03/30/20	(704)
FY 2020-2021	365,000	2.610	07/01/20	06/30/21	(32)
Total	35,237,500				\$ (14,640)

\* Contract quantities in MMBtu - Million British Thermal Units



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The fair value of the natural gas hedges decreased by \$8.7 million during the year ended June 30, 2017, is reported as a liability and is offset by a deferred outflow on the Statement of Net Position. All fair values were estimated using forward market prices available from broker quotes and exchanges.

*Credit Risk.* DWP is exposed to credit risk related to nonperformance by its wholesale counterparties under the terms of contractual agreements. In order to limit the risk of counterparty default, DWP has implemented a Wholesale Marketing Counterparty Evaluation Policy, which was renamed as Counterparty Evaluation Credit Policy (the Counterparty Policy) in 2008, and was updated and approved by the Board on November 28, 2017. Under the updated policy, the scope has been expanded beyond physical power transmission, physical natural gas, and financial natural gas to include environmental credits and renewable energy credits. It also provided the use of new analytic tools and more stringent credit enhancement requirements.

The Policy provides a credit limit structure with two categories, namely: short-term and long-term. The short-term structure is applicable to transactions with terms of up to 18 months and the long-term structure cover transactions beyond 18 months. The Policy includes provisions to limit risk including the use of long-term credit ratings of all DWP's counterparties; expected default frequency equivalent credit rating for short term transactions; the requirement for credit enhancements (including advance payments, irrevocable letters of credit, escrow trust accounts, and parent company guarantees) for counterparties that do not meet an acceptable level of risk; and the use of standardized agreements, which allow for the netting of positive and negative exposures associated with a single counterparty.

As of June 30, 2017, the 9 financial natural gas hedge counterparties were rated by Moody's as follows: one at "Aa2", two at "A3", one at "A2", three at "A1", one "Baa1", and one WR. The counterparties were rated by S&P as follows: two at "AA-", one at "A+", one at "A", two at "A-", and three at "BBB+".

Based on the International Swap Dealers Association agreements, DWP or the counterparty may be required to post collateral to support the financial natural gas hedges subject to credit risk in the form of cash, negotiable debt instruments (other than interest-only and principal-only securities), or eligible letters of credit. Collateral posted is held by a custodian. As of June 30, 2017, the fair values of the financial natural gas hedges are within the credit limits and collateral posting was not required.

*Basis Risk.* DWP is exposed to basis risk between the financial natural gas hedges, which are settled monthly at NW Rocky Mountains Index, and the hedged gas deliveries, which are daily spot purchases at Kern River, Opal prices. However, these pricing points are in the same region and are highly correlated.

*Termination Risk.* DWP or its counterparties may terminate the contractual agreements if the other party fails to perform under the terms of the contract. No termination events have occurred and there are no out-of-the-ordinary termination events contained in contractual documents.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Sewer Enterprise Fund

Sewer has commercial insurance for risks of physical damage to real and personal properties and for business interruption expenses. Claims settlements have not exceeded commercial insurance coverage during the last three fiscal years.

Sewer's estimated claims and judgments payable of \$217.9 million consisted of \$35.7 million litigation-type claims and \$182.2 million workers' compensation liability. The amount estimated to be payable in the next fiscal year is approximately \$21.2 million.

**Claim Changes**

The changes in the City's total governmental and business-type estimated claims and judgments liability are as follows (in thousands):

	FY 2017	FY 2016
Unpaid Claims, July 1	\$ 2,732,821	\$ 2,789,808
Provisions for current year's events and changes in provision for prior years' events	514,626	271,001
Claims payments	(480,348)	(327,988)
Unpaid Claims, June 30	<u>\$ 2,767,099</u>	<u>\$ 2,732,821</u>

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Q. Accrued Landfill Liability**

Until July 1996, the City operated the Lopez Canyon Sanitary Landfill under a Conditional Use Permit (CUP), which expired on July 1, 1996. State and Federal laws required the City to close the landfill upon cessation of disposal activities and expiration of the CUP, and to monitor and maintain the site for thirty years after closure. The City recognized a portion of the estimated closure and postclosure care costs in each fiscal year based on landfill capacity used.

The City completed the final closure of the landfill as of March 30, 2012. In fiscal year 2013, all three regulatory agencies, the State of California Department of Resources Recycling and Recovery (CalRecycle), Regional Water Quality Control Board, and the City of Los Angeles Local Enforcement Agency, approved the final Closure Certification. As of June 30, 2017, the City's liability of \$46.1 million represents 100% of the estimated postclosure care costs of the landfill as well as corrective action cost for foreseeable release. The estimated costs of postclosure care are subject to changes due to inflation, changes in laws and regulations, or changes in technology.

As required by Title 27 of the California Code of Regulations, the City had established and contributed to a trust fund to finance closure construction. Based on the acceptance of certification of closure, CalRecycle authorized disbursement of the remaining balance of \$3.5 million in the trust fund to the City. The City is not currently required to advance fund postclosure care costs.

The City owns or operated other landfills that were already closed before the State and Federal requirements became enforceable. Therefore, no liability was included in the financial statements for these landfills (Toyon Canyon, Gaffey, Branford, Bishops Canyon and Sheldon-Arleta). The Landfill Maintenance Special Trust Fund and Landfill Closure and Postclosure Maintenance Trust Fund, reported as nonmajor other special revenue funds, were set up to defray the closure and postclosure maintenance costs of City landfills.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****R. Pollution Remediation Obligations****Governmental Activities**

The pollution remediation obligations for governmental activities for the fiscal year ended June 30, 2017 are as follows (in thousands):

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Obligating Event				
Violation of pollution prevention-related permit or license	\$ 4,279	\$ 16,800	\$ (6,033)	\$ 15,046
Voluntary commencement	31,150	1,573	(90)	32,633
Total	<u>\$ 35,429</u>	<u>\$ 18,373</u>	<u>\$ (6,123)</u>	<u>\$ 47,679</u>
Pollution Type				
Soil and/or groundwater remediation	\$ 35,250	\$ 16,709	\$ (5,944)	\$ 46,015
Lead paint removal	19	423	(19)	423
Methane protection	141	141	(141)	141
Asbestos removal	19	605	(19)	605
Mold	--	495	--	495
Total	<u>\$ 35,429</u>	<u>\$ 18,373</u>	<u>\$ (6,123)</u>	<u>\$ 47,679</u>

The \$47.7 million liabilities for governmental activities included \$32.6 million for voluntary commencement and \$15.0 million for violation of pollution prevention-related permits or licenses. These obligations were determined based on construction contract amount, contract change orders, related direct costs and allocated indirect project costs. The addition of \$16.8 million in fiscal year 2017 included \$10.5 million cost of removal of heavy metals, soil gasses and aerially deposited lead for the Sixth Street viaduct from Mateo Street to Highway 101, \$1.3 million for removal of solvents in the groundwater caused by leaking underground storage tank at the Lanzit Development site, and \$5.0 million remediation costs for various other sites. For fiscal year 2017, no remediation outlays were capitalized. Estimated expenditures for fiscal year 2018 and beyond are \$8.0 million and \$39.7 million, respectively. These estimates recognized potential changes due to additional work that may be required to remediate existing pollution projects, unanticipated site conditions that may necessitate modifications in project work plans, possible adoption or application of improved technologies that may require changes in estimates, and provision for additional unexpected pollution projects. Consequently, changes in estimates will be processed through change orders.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****Business-type Activities**

The pollution remediation obligations for business-type activities for the fiscal year ended June 30, 2017 are as follows (in thousands):

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Obligating Event				
Violation of pollution prevention-related permit or license	\$ --	\$ 1,130	\$ --	\$ 1,130
Named by a regulator as a potential party to remediation	75,555	29,479	(9,095)	95,939
Named in lawsuit and compelled to participate in remediation	--	11,274	--	11,274
Voluntary commencement	12,054	38,728	(7,246)	43,536
Total	<u>\$ 87,609</u>	<u>\$ 80,611</u>	<u>\$ (16,341)</u>	<u>\$ 151,879</u>
Pollution Type				
Soil and/or groundwater remediation	\$ 80,746	\$ 80,611	\$ (9,478)	\$ 151,879
Asbestos removal	6,863	--	(6,863)	--
Total	<u>\$ 87,609</u>	<u>\$ 80,611</u>	<u>\$ (16,341)</u>	<u>\$ 151,879</u>

Airports bears full responsibility for the cleanup of environmental contamination on property it owns. However, if the contamination originated based on contractual arrangements, the tenants are held responsible even if they declare bankruptcy. As property owner, Airports assumes the ultimate responsibility for cleanup in the event the tenant is unable to make restitution. Under certain applicable laws, Airports may become liable for cleaning up soil and groundwater contamination on a property in the event that the previous owner does not perform its remediation obligations. Airports accrues pollution remediation liabilities when costs are incurred or amounts can be reasonably estimated based on expected outlays. The liability accrued at June 30, 2017 was \$7.5 million. Airports does not expect any further recoveries reducing this obligation. The \$7.5 million liability was for soil and/or groundwater contamination cleanup. Certain regulatory agencies issued Notices of Violation to Airports for alleged Non-Compliance with environmental regulations. Please refer to Note 5C for additional information.

Harbor's estimated pollution remediation liability as of June 30, 2017 was \$95.1 million, of which \$11.8 million is due within one year. These costs relate mostly to soil and ground water contamination on sites within Harbor premises. As certain sites were formerly used for a variety of industrial purposes, legacy contamination or environmental impairments exist. As environmental risks may be managed, Harbor has adopted the "Managed Environmental Risk" approach in estimating the remediation liability. Harbor uses a combination of in-house specialists as well as outside consultants to perform estimates of potential liability. Certain remediation contracts are included in site development plans as final uses for the sites have been identified.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Power had identified sites that require remediation work and the estimated liability for these sites for fiscal year 2017 was approximately \$38.0 million, all due within one year. These were mainly for soil and groundwater cleanup.

Water has identified underground storage tanks that require remediation work and is working with the Los Angeles Regional Water Quality Control Board, and the Lahontan Regional Quality Control Board, which have jurisdiction over these sites. Water's estimated liability for these sites was approximately \$11.3 million, all due within one year, and included remediation and ongoing operation and maintenance costs where estimable. There were no estimated recoveries.

The County of Los Angeles (County) has notified the City and other entities of potential liabilities for cleanup and maintenance of a public golf course, which was created over an old landfill, due to environmental issues including leachate and gas migration. According to the County's review of prior customer records, Sewer used the site for disposal of grit waste from the Hyperion Treatment Plan. Prior to 2014, the City entered into and paid a settlement with the County for \$0.2 million and remained an active participant in the site investigation. The case is now under the California Department of Toxic Substance Control (DTSC), a State agency and part of the California Environmental Protection Agency. The City, along with the County and a number of other public and private entities are named as Potentially Responsible Parties. The proposed remedial action plan is being evaluated by the DTSC. The estimated cost to remediate the site is presently unknown.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)****S. Economic Development Incentives - Tax Abatements**

The City has two main types of tax abatement programs: (a) agreements whereby the City provides financial assistance to development projects to be funded by net new tax revenues generated by the projects, and (b) contracts entered into with property owners of qualified historical properties for their preservation, maintenance, and rehabilitation in return for property tax abatement.

The threshold for reporting agreements individually is \$1 million, though agreements with no payments in the reporting year are reported individually if they are anticipated to exceed the threshold in future years.

**Development Incentive Agreements**

As of June 30, 2017, the City had entered into six development incentive agreements. Each of these agreements is for a term of up to 25 years. The projects are projected to provide new General Fund tax revenues to the City including but not limited to property taxes, sales taxes, utility users taxes, gross receipts taxes, parking occupancy taxes, transient occupancy taxes and construction related tax revenues. Certain portions of the projected new General Fund tax revenues are used by the City in providing project financing to the developers. City policy maintains that the financial assistance payments to the developers must be no more than 50% of the net new revenues generated by the project during the term of the agreement. These agreements require the approval of the Mayor and the City Council and incentive payments are administered by the City Administrative Officer.

**Convention Center Headquarters Hotel Project**

This agreement was entered by the City and Anschutz Entertainment Group (Developer) for the development of a hotel within the LA Live/convention center complex at 900 W. Olympic Blvd., as a combination of an 878-room J.W. Marriot and a 123-room Ritz Carlton hotel. Annual incentive payments paid to the developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$270 million over 25 years, or \$62 million as net present value (NPV). In fiscal year 2017, the City paid \$12.5 million in financial assistance to the developer.

**901 Olympic North Hotel Project**

This agreement was entered by the City and 901 West Olympic Blvd. L.P. (Developer) for the development of two hotels, both 3-star rated Marriot products, in one building with a total of 393 rooms located in the vicinity of the Los Angeles Convention Center (LACC) in order to make Los Angeles a more attractive convention destination. Annual incentive payments paid to the developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$67.3 million over 25 years, or \$21.9 million as net present value (NPV). In fiscal year 2017, the City paid \$4.5 million in financial assistance to the developer.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The following agreements were in place during fiscal year 2016-17, but no payments were made:

**Metropolis Hotel Project**

This agreement was entered by the City and Greenland LA Metropolis Hotel Development, LLC (Developer) for the development of the Metropolis Hotel Project. The project includes a 350 room 18-story hotel, including residential parking, open space, 1,692 square feet of retail space and business center. The project is of public benefit and will contribute to the general welfare of citizens, create new jobs and support LACC. Annual incentive payments paid to the developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$18.7 million over six years, or \$13.5 million NPV.

**Village at Westfield Topanga Project**

This agreement was entered by the City and 21919 Erwin LLC, and West Valley Owner LLC for the development of the Village at Westfield Topanga (Developers). The proposed project is comprised of the construction of a new 500,000 square foot, first class mixed-use development including upscale retail, boutique specialty shops, personal services, restaurants and community center. Annual incentive payments paid to the developer are based on the total property taxes remitted, subject to an annual true-up, up to the total incentive amount of \$47.7 million over 25 years, or \$25.0 million NPV.

**Wilshire Grand Hotel Project**

The agreement was entered by the City and Hanjin International Corporation (Developer) for the development of a hotel and mixed-use project totaling approximately 2.5 million square feet. The project includes 560 hotel rooms and/or hotel-condo units, 100 residential units and 1.5 million square feet of office space. The project will provide new jobs, solid infrastructure improvement and mobility hub in the area, and contribute rooms to the vicinity of LACC. Annual incentive payments paid to the developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$250.0 million over 25 years, or \$60.8 million NPV.

**Grand Avenue Hotel Project**

The agreement was entered by the City and Grand Avenue L.A., LLC, and Grand Avenue M Housing Partners, LLC, (Developers) for the revitalization of Grand avenue and downtown Los Angeles. The project includes development of hotel, residential, commercial, retail and entertainment components that will create a dynamic setting for the City's economic and artistic endeavors and provide tourists with additional opportunities to experience local landmarks. Annual incentive payments paid to the developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$198.0 million over 25 years, or \$66.6 million NPV.



**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Mills Act Historical Property Agreements**

The Mills Act Historical Property Contracts program is the State of California's leading financial incentive for historic preservation projects and is implemented under the provisions of Ordinance No. 172,857 implementing State Government Code Sections 50280 et seq., commonly known as the "Mills Act". The Mills Act allows the City to enter into contracts with owners of qualified historical properties for their preservation maintenance and rehabilitation. The program is designed to assist under-utilized and under-valued properties. The property is assessed on an income basis rather than market value. The result is property tax abatement. As of June 30, 2017, there are 871 existing Mills Act contracts in the City. The City receives new Mills Act applications annually and approved 28 new contracts in fiscal year 2017. Existing contracts are renewed annually for a minimum term of ten years.

For fiscal year 2017, the property tax abated from the Mills Act agreements was \$1.3 million. The City Council has imposed a cap on total property tax abatement of \$2.0 million.

**NOTE 5 – OTHER INFORMATION****A. Pension and Other Postemployment Benefit Plans****Plan Descriptions**

The City of Los Angeles contributes to three single-employer defined benefit pension plans: Los Angeles Fire and Police Pension System (Pensions), Los Angeles City Employees' Retirement System (LACERS), and Water and Power Employees' Retirement Plan (DWP Plans). Pensions and LACERS provide retirement benefits to sworn and civilian (other than DWP) employees, respectively. The DWP Plans provide retirement, disability, and death benefits to DWP employees. The City also provides three single-employer substantive other postemployment benefits (OPEB) plans through the aforementioned defined benefit plans: Fire and Police Health Subsidy Plan (Pensions OPEB), Los Angeles City Employees' Postemployment Health Care Plan (LACERS OPEB), and Water and Power Employees' Retiree Health Benefits Plan (DWP OPEB). Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained online or by writing or calling the plans.

Los Angeles Fire and Police Pension System  
701 E. Third Street, Suite 200  
Los Angeles, CA 90013  
(213) 279-3000  
<https://www.lafpp.com/reports/financial/2017-financial-statements>

Los Angeles City Employees' Retirement System  
P.O Box 512218  
Los Angeles, CA 90051-9851  
(800) 779-8328  
<http://www.lacers.org/aboutlacers/reports/index.html>

Department of Water and Power Retirement Office  
111 N. Hope Street, Room 357  
Los Angeles, CA 90012  
(213) 367-1692  
<http://retirement.ladwp.com/publications.htm>

**Description of the Plans, Membership and Benefits****General Information About the Plans****Pensions**

Pensions operates under the City of Los Angeles (City) Charter (Volume II, Article XI) and Administrative Code provisions (Division 4). It operates in accordance with the State Constitution Article XVI, Section 17(a). Pension benefits are administered by the Pensions Board that has exclusive responsibility to administer the system, providing benefits to Pensions participants and their beneficiaries and to ensure prompt delivery of those benefits. The City Charter and Administrative Code provide that the funding requirements of Pensions will be satisfied by the City. The funding requirements of Pensions are determined by the result of annual actuarial valuations. Pensions is a defined benefit single-employer pension plan covering all full-time active sworn firefighters, police officers, and certain Harbor Port Police officers of the City.

**NOTE 5 – OTHER INFORMATION (Continued)**

It also covers those certified paramedics and civilian ambulance employees who transferred from LACERS during the year ended June 30, 1983, or have since been hired. Pensions is composed of six tiers. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, it provides for disability benefits under certain conditions and benefits to eligible survivors.

**LACERS**

LACERS is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. LACERS operates a single-employer defined benefit plan (the Retirement Plan) and a Postemployment Health Care Plan. Benefits and benefit changes are established by ordinance and approved by City Council and the Mayor. Upon transferring all active Tier 2 members to Tier 1 as of February 21, 2016, membership to Tier 1 is now closed to new entrants unless a member meets one of the exceptions allowed in the Ordinance (no.184134). Eligible employees hired on or after February 21, 2016 become members of Tier 3.

**DWP Plans**

DWP Plans is a single-employer public employee retirement system whose main function is to provide pension, death and disability benefits, to eligible employees of DWP. The authority for providing benefits is granted by the City Charter. Authority for changing DWP Plans benefits is adopted through resolution by the DWP Plan Board of Administration and the DWP Board Commissioners. The DWP Plans have four separate funds – Retirement Fund, Disability Fund, Death Benefit Fund, and Retiree Health Benefits Fund (RHBF). Each fund is considered a separate plan and an independent trust fund of DWP. The Retirement Fund is a single employer defined benefit pension plan. The Death Benefit Fund and Retiree Health Benefit Fund are single-employer defined benefit other postemployment benefits (OPEB) plans. The Disability Fund is for the payment of temporary disability and permanent total disability of DWP employees, and is not considered a pension plan nor an OPEB plan. On December 11, 2013, the DWP Retirement Board adopted an amendment to create a new tier for DWP's new hires on or after January 1, 2014.

**NOTE 5 – OTHER INFORMATION (Continued)****Membership**Pensions

The components of the Pensions' membership at June 30, 2017 were as follows:

Active Nonvested	
Tier 4	175
Tier 5	6,093
Tier 6	2,399
Subtotal	<u>8,667</u>
Active Vested	
Tier 2	10
Tier 3	759
Tier 4	110
Tier 5	3,781
Subtotal	<u>4,660</u>
Pensioners and Beneficiaries	
Tier 1	349
Tier 2	7,519
Tier 3	639
Tier 4	289
Tier 5	4,039
Tier 6	1
Subtotal	<u>12,836</u>
Vested Terminated	
Tier 3	44
Tier 5	213
Tier 6	117
Subtotal	<u>374</u>
Total	<u><u>26,537</u></u>

Pensions' Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997, and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of August 6, 1999. Tier 4 includes members hired from July 1, 1997 through December 31, 2001, and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2011, and those Active members of Tiers 2, 3, and 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002. Tier 5 was the tier for all Harbor Port police officers hired on or after January 8, 2006 through June 30, 2011. Harbor Port police officers hired before January 8, 2006, who were members of LACERS, and were allowed to transfer to Tier 5 during the enrollment period of January 8, 2006 to January 5, 2007.

**NOTE 5 – OTHER INFORMATION (Continued)**

Tier 6 was established for all firefighters, police and Harbor Port police officers hired on or after July 1, 2011. Tier 6 includes sworn officers from the Department of General Services who transferred to Los Angeles Police Department (LAPD) classifications and elected to opt out of LACERS by the December 12, 2014 deadline. Effective January 7, 2018, Tier 6 will also include all new Airport police officers as well as any current Airport police officers who elect to transfer to Tier 6 from LACERS at their own expense. The inclusion of Airport police officers in Tier 6 was pursuant to a City Charter amendment approved by the voters at the November 8, 2016 Special Election.

**LACERS**

As of June 30, 2017, LACERS had 19,188 and 6,269 active vested and non-vested members respectively; 5,078 inactive non-vested members; 2,350 inactive terminated members entitled to benefits, but not yet receiving benefits; and 18,805 retired members.

**DWP Plans**

As of June 30, 2017, DWP Plans' membership consisted of 9,272 retirees and beneficiaries; 1,648 terminated vested members and 9,806 active members.

**Benefits****Benefits Provided by Pensions**

Tier 1 members hired prior to January 17, 1927, with 20 years of service are entitled to annual pension benefits equal to 50%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 members hired on or after January 17, 1927, with 20 or more years of service are entitled to annual pension benefits equal to 40%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 has no minimum age requirement and provides for unlimited post-employment cost-of-living adjustments (COLA) based on the Consumer Price Index (CPI). Tier 1 members who were active as of July 1, 1982, and who terminated their employment after July 1, 1982, were entitled to a refund of contributions plus Board-approved interest if they did not qualify for a pension or if they waived their pension entitlements.

Tier 2 members with 20 or more years of service are entitled to annual pension benefits equal to 40% of their final compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 2 has no minimum age requirement and provides for unlimited post-employment COLAs based on the CPI. Tier 2 members who were active as of July 1, 1982, and who terminate their employment after July 1, 1982, are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

**NOTE 5 – OTHER INFORMATION (Continued)**

Tier 3 members must be at least age 50 with 10 or more years of service to be entitled to a service pension. Annual pension benefits are equal to 20% of the monthly average of a member's salary during any 12 consecutive months of service as Pensions member (one-year average compensation), increasing for each year of service over 10 years, to a maximum of 70% for 30 years. Tier 3 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The Los Angeles City Council (City Council) may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 4 members must have at least 20 years of service to be entitled to a service pension. There is no minimum age requirement. Annual pension benefits are equal to 40% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 4 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The City Council may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment before they are eligible for pension benefits do not receive a refund of contributions.

Tier 5 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 6 members must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

**Benefits Provided by LACERS**

Members of LACERS have a vested right to their own contributions and accumulated interest posted to their accounts. Generally, after five years of employment, members are eligible for future retirement benefits, which increase with length of service. If a member who has five or more years of continuous City service terminates employment, the member has the option of receiving retirement benefits when eligible or having his or her contributions and accumulated interest refunded. Benefits are based upon age, length of service, and compensation.

**NOTE 5 – OTHER INFORMATION (Continued)**

LACERS Tier 1 members are eligible to retire with unreduced benefits if they have 10 or more years of continuous City service at age 60, or at least 30 years of City service at age 55, or with any years of City service at age 70 or older. Members also are eligible to retire with age-based reduced benefits after reaching age 55 with 10 or more years of continuous City service, or at any age with 30 or more years of City service. Full (unreduced) retirement benefits are determined as 2.16% of the member's average monthly pensionable salary during the member's last 12 months of service, or during any other 12 consecutive months of service designated by the member, multiplied by the member's years of service credit. Members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the member's final average monthly salary for each year of service or 1/3 of the member's final average monthly salary, if greater. Upon an active member's death, a refund of the member's contributions and, depending on the member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired member's death, a \$2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

Tier 3 members are eligible to retire with unreduced benefits if they have at least 10 or more years of City service at age 60 or at least 30 years of City service at age 55, provide that five years of service must be continuous. Full unreduced retirement benefits at age 60 with 10 years of City service are determined with a 1.5% retirement factor. Members also are eligible to retire with an age-based reduced benefit before reaching age 60 with 30 or more years of City service with a retirement factor of 2.0%. If the member is age 55 or older with 30 years of service at the time of retirement, his or her retirement allowance will not be subject to reduction on account of age. However, if the member is younger than age 55 with 30 years of Service at the time of retirement, his or her retirement allowance will be reduced by the applicable early retirement reduction factor. In addition, LACERS also provides Tier 3 members an enhanced retirement benefits with a 2.0% retirement factor if the member retires at age 63 with at least 10 years of service, or a retirement factor of 2.1% if the member retires at age 63 with 30 years of service. Tier 3 retirement benefits are determined by multiplying the member's retirement factor (1.5% - 2.1%), with the member's Final Average Compensation (FAC) based on the member's pensionable salary for the last 36 months or any other 36 consecutive months designated by the member, and by the member's years of service credit (SC) as follows:

Age at Retirement	Required Years of Service	Retirement Benefit <sup>(1)</sup>
Under 55	30 Years	2.0% x FAC x Yrs. of SC <sup>(2)</sup>
55 and Over	30 Years	2.0% x FAC x Yrs. of SC
60 and Over	10 Years	1.5% x FAC x Yrs. of SC
63 and Over	10 Years	2.0% x FAC x Yrs. of SC
63 and Over	30 Years	2.1% x FAC x Yrs. of SC

(1) Retirement allowance may not exceed 80% of final compensation except when benefit is based solely on the annuity component funded by the Member's contributions.

(2) A reduction factor will be applied based on age at retirement.

**NOTE 5 – OTHER INFORMATION (Continued)**

LACERS members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the member's final average monthly salary for each year of service or 1/3 of the member's final average monthly salary, if greater. Upon an active member's death, a refund of the member's contributions and, depending on the member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired member's death, a \$2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

Retirement allowances are indexed annually for inflation. The Board has authority to determine, no later than May 1<sup>st</sup> of each year, the average annual percentage change in the Consumer Price Index (CPI) for the purpose of providing a Cost of Living Adjustment (COLA) to the benefits of eligible members and beneficiaries in July. The adjustment is based on the prior year's change of Los Angeles area CPI subject to a maximum of 3.0% for Tier 1 members or 2.0% for Tier 3 members. For Tier 1 members, the COLA percentage greater than 3.0% is banked for future use.

**Benefits Provided by DWP Plans**

The DWP Plans' Retirement Fund consists of both defined contribution and defined benefit elements. Certain members vest in the defined contribution element (annuity) after one year of service. Members vest in the defined benefit element (pension) only after qualifying for retirement and meeting the criteria for the formula pension. Generally, new and returning employees of DWP become eligible for membership on the first day of the payroll period following entry into DWP service. New eligible employees must complete 26 weeks of continuous service before becoming entitled to disability and/or death benefits. In fiscal year 2014, the City and DWP agreed to a new tier of retirement benefits for new hires. DWP Plans provide retirement, disability, death and retiree health benefits.

**Retirement Benefit**

Tier 1 members are eligible for normal retirement at age 60. Early retirement at age 55 is generally available if the member has been with the Department for 10 or more years of the last 12 years before retirement. Members with 30 or more years may retire at any age and receive unreduced benefits within a certain limited period (this option expired on October 31, 2005). Upon qualifying for retirement, Tier 1 members will also qualify for a formula pension if they have been employed by the Department for at least five years before retirement and have been a contributing member of the Plan for at least four of five years immediately preceding retirement or while eligible to retire (or during any of those four years if they were receiving either disability benefits under the Disability Benefit Plan or payments under any Workers' Compensation Law).



**NOTE 5 – OTHER INFORMATION (Continued)**

Eligible Tier 1 members are entitled to an annual retirement benefit, payable monthly for life currently in an amount equal to a retirement factor of 2.1% of their highest average salary, for each year of credited service. Members who have at least 30 years of service credit and are at least 55 years of age (and represented by a bargaining unit that has negotiated this benefit) are entitled to a retirement factor of 2.3% in the calculation of their retirement allowance. "Highest average salary" is defined as the employee's average salary, excluding overtime, over the highest 26 consecutive contributing payroll periods. Retirees who are receiving a formula pension are entitled to annual cost of living adjustment (COLA). Adjustments are applied each July 1 based on the Consumer Price Index (Los Angeles-Riverside-Orange County, CA – All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor (CPI) for each of the two immediately preceding calendar years. The maximum adjustment, positive or negative, is 3% in any one year.

Tier 2 members are eligible for normal retirement at age 60 with at least ten years of service (5 year must be as a contributing member and/or receiving either disability benefits under the Disability Benefit Plan or payments under any Workers' Compensation Law). A reduced benefit for early retirement at any age is generally available if the member has at least thirty years of service. Members with 30 or more years of credited service may retire at age 55 and receive unreduced benefits.

Eligible Tier 2 members are entitled to an annual retirement benefit, payable monthly for life currently in an amount equal to a retirement factor multiplying each year of credited service, and then multiplying their highest average salary. The specific retirement factor is based on the combination of member's age and credited service as follows:

- 1.5% at age 60 with 10 years
- 2.0% at age 55 with 30 years
- 2.0% at age 63 with 10 years
- 2.1% at age 63 with 30 years

"Final average salary" is defined as the employee's average salary, excluding overtime, over the highest 78 consecutive payroll periods. A member's monthly pension amount is capped at 80% of one's highest average salary. Retirees who are receiving a formula pension are entitled to annual COLA. Adjustments are applied each July 1 based on the CPI for each of the two immediately preceding calendar years. The maximum adjustment, positive or negative, is 2% in any one year. Members may purchase additional post-retirement COLA coverage, not to exceed an additional 1% per year, at full actuarial cost to the Plan.

**Death Benefit Fund**

The Death Benefit Fund consists of the insured lives death benefit (IDB), family death benefit (FDB), and supplemental family death benefit (SFDB).

**NOTE 5 – OTHER INFORMATION (Continued)****Insured Lives Death Benefit**

For contributing active members, death benefit coverage begins after completion of 26 weeks of continuous Department service. If the death occurs while an active member of the Plan, the benefit includes a single lump sum distribution equal to fourteen times the member's monthly salary, and the Retirement Fund contributions plus accrued interest, payable to the beneficiary.

For retired members, the benefits include a single lump sum distribution equal to fourteen times the member's full retirement allowance not to exceed \$20,000, plus any unpaid retirement allowances due, and the unused portion of the Retirement Fund contributions upon death (if elected at retirement) payable to the beneficiary.

**Family Death Benefit (FDB)**

Coverage begins after completion of 26 weeks of continuous Department service. The Plan provides a monthly FDB allowance of \$416 to each qualified surviving child plus \$416 to the spouse, if the spouse has the care of one or more of the member's eligible children. The maximum monthly FDB allowance is \$1,170.

**Supplemental Family Death Benefit (SFDB)**

The SFDB program supplements the FDB. Coverage begins after enrollment and payment of premiums for 39 consecutive biweekly payroll deductions. The Plan provides for an additional monthly SFDB allowance of \$520 to each qualified surviving child plus \$520 to the spouse, if the spouse has the care of one or more of the member's eligible children. The maximum SFDB allowance is \$1,066.

**Contribution Information****Member Contributions**Pensions

As a condition of participation, members are required to contribute a percentage of their salaries to Pensions. Tier 1 members were required by the City Charter to contribute 6% of salary. The System's actuary recommended that Tier 2 members contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary. Tiers 3 and 4 members are required to contribute 8% of salary. Tier 5 members are required to contribute 9% of salary. However, the City shall pay 1% of the Tier 5 required contribution rate contingent on the Pensions remaining at least 100% actuarially funded for pension benefits. Since July 1, 2006, Tier 5 members have been required to contribute 9% of salary because Pensions has remained less than 100% actuarially funded for pension benefits as determined by Pensions' actuary. Tier 6 members are required to contribute 9% of salary for regular pension contributions. Tier 6 members are also required to make an additional pension contribution of 2% of salary to support the City's ability to fund retiree health benefits. Airport police officers who transfer to Tier 6 from LACERS are required to contribute to Pensions at their same LACERS contribution rates until they retire.

**NOTE 5 – OTHER INFORMATION (Continued)**LACERS

The current contribution rate for Tier 1 members is 11% of their pensionable salary including: 1) a 1% increase in the member contribution rate pursuant to 2009 Early Retirement Incentive Program (ERIP) ordinance for all employees for a period of 15 years (or until the ERIP Cost obligation is fully recovered, whichever comes first); and 2) 4% additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy pursuant to a 2011 City Council ordinance. As of June 30, 2017, all active Tier 1 members are now paying additional contributions, and are not subject to the retiree medical subsidy cap.

The contribution rate for Tier 3 members is 11% of their pensionable salary including 4% additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy. Unlike Tier 1, Tier 3 members do not pay ERIP contribution, therefore, Tier 3 members' contribution rate will not drop down when Tier 1 members cease to pay the 1% ERIP contribution.

DWP Plans

Retirement contributions are determined by a member's Tier designation. Covered Tier 1 employees continue to contribute 6% of their annual covered payroll upon becoming a Plan member on or after June 1, 1984. Employees entering DWP Plans before June 1, 1984 contribute an amount based upon an entry-age percentage rate. If an employee leaves or dies while employed, employee contribution plus credited interest is refundable. After one year of membership, the employee may leave his or her contribution on account with DWP Plans along with the Department's matching contributions and receive a money purchase allowance at retirement age. A surviving spouse of an employee who dies while eligible to retire or with at least 25 years of service may elect to receive a monthly allowance from the Retirement Fund for life rather than a refund of the employee's contributions and interest. Covered Tier 2 employees are required to contribute 10% of their annual covered payroll upon becoming a member. A Tier 2 member has the same benefits as a Tier 1 member upon termination or death while employed with a single exception. A Tier 2 member will not receive a money purchase allowance with vesting after one year. Instead a Tier 2 member will only receive a formula pension if one is at age 60 and has at least 15 years of credited service. Each bi-weekly payroll period, both eligible Tiers 1 and 2 members contribute \$1.00 each for temporary disability and permanent total disability. Contributing active Tiers 1 and 2 members contribute \$1.00 per bi-weekly payroll period for insured lives death benefit. Active members contribute \$2.25 per bi-weekly payroll period, and retired members contribute \$4.90 per month for supplemental family death benefit.

**NOTE 5 – OTHER INFORMATION (Continued)****Employer Contributions**Pensions

The City Charter specifies that the City will make contributions of an amount equal to the City's share of defined entry age normal costs each year and also the following:

For members of Tiers 1 and 2, a dollar amount or percentage necessary to amortize the "unfunded liability" of the System over a 70-year period, beginning with the fiscal year commencing July 1, 1967. Under Tiers 3, 4, and 5, any "unfunded liability" resulting from plan amendments shall be amortized over a 20-year period, and actuarial experience gains and losses shall be amortized over a 20-year period. For Tier 6, the unfunded liabilities shall be funded in accordance with the actuarial funding method adopted by the Board upon the advice of the consulting actuary. Charter Amendment G, effective April 8, 2011, now provides that with the advice of the consulting actuary, the Board shall establish amortization policies for unfunded actuarial accrued liabilities and surpluses for all Tiers.

Accordingly, the City's contributions as determined by the Pensions' actuary, net of early payment discount, for the fiscal year ended June 30, 2017, were as follows (in millions):

	Fire and Police						Harbor Port Police	
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6
Entry age normal cost	\$ --	\$ 0.77	\$ 15.51	\$ 6.40	\$ 221.61	\$ 13.54	\$ 2.45	\$ 0.15
Unfunded supplemental present value amount	15.02	10.79	32.10	16.19	98.83	7.34	0.83	0.07

During fiscal year 2017, total employer contributions of \$454.4 million were made in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2015.

LACERS

The Los Angeles City Charter Sections 1158 and 1160 provide for periodic actuarially determined employer contribution rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. For the year ended June 30, 2017, the actuarially-determined contribution of the employer to LACERS by the City was 22.88% of covered payroll, based on the June 30, 2015 actuarial valuation. Upon closing the fiscal year 2017, LACERS re-calculated employer contributions using actual payroll incurred during the fiscal year which was smaller than projected covered payroll used by the City to make the advance payment at the beginning of the fiscal year. As a result, employer contributions received for LACERS were \$18.9 million more, and it was credited to the employer toward employer contribution for fiscal year 2018. Based on actual payroll, the effective rate of employer contribution for LACERS was 22.98%.

**NOTE 5 – OTHER INFORMATION (Continued)**DWP Plans

DWP contributes \$1.10 for each \$1.00 contributed by Tier 1 members, plus an actuarially determined percentage of covered payroll. DWP solely contributes an actuarially determined percentage of covered payroll for Tier 2 members. DWP contribution rates are adopted annually based upon recommendations received from the DWP Plan's actuary after the completion of the annual actuarial valuation. The average employer contribution rate for fiscal year 2017 based on the July 1, 2016 valuation was 45.25% of compensation.

DWP's contribution rate for fiscal year 2017 for the temporary disability based on July 1, 2016 valuation was \$1.52 per \$100 of covered payroll. Contribution to permanent disability continues to be suspended as current reserve significantly exceeds the target reserve amount. Contributions for contributing active members to the insured lives death benefit fund (IDB) was \$0.22 per \$100 of covered payroll for fiscal year 2017. In addition, DWP contributions for IDB for non-contributing members was \$1.05 per \$100 of retirement benefits paid in fiscal year 2017. Contribution to the family death benefit fund was \$1.62 per active member per month.

In fiscal year 2017, the actuarially determined contributions of DWP's Retirement Fund was \$403.8 million and actual contributions made were \$394.3 million.

**Net Pension Liability**

For the June 30, 2017 reporting date, the Net Pension Liability (NPL) of Pensions was measured as of June 30, 2016 and was determined by rolling forward the Total Pension Liability (TPL) from the actuarial valuation as of June 30, 2015. The Fiduciary Net Position (FNP) was valued as of the measurement date.

LACERS' NPL was measured as of June 30, 2016 and determined based upon the FNP and TPL from the actuarial valuation as of June 30, 2016. FNP and TPL were valued as of measurement dates.

The NPL of DWP Plans was measured as of June 30, 2016 and determined based upon the results of the actuarial valuation as of July 1, 2016. The FNP and TPL were valued as of the measurement dates.

The City's total pension liability, fiduciary net position and net pension liability as of June 30, 2017 were as follows (in thousands):

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as % of Total Pension Liability
Pensions	\$ 19,565,408	\$ 17,104,277	\$ 2,461,131	87.42%
LACERS	17,424,996	11,809,329	5,615,667	67.77%
DWP Plans	12,289,229	10,097,843	2,191,386	82.17%
Totals	<u>\$ 49,279,633</u>	<u>\$ 39,011,449</u>	<u>\$ 10,268,184</u>	

**NOTE 5 – OTHER INFORMATION (Continued)****Changes in Net Pension Liability**

The components of the net pension liabilities of Pensions, LACERS and DWP Plans determined in accordance with GASB Statement No. 68 as of the measurement date of June 30, 2016 were as follows (in thousands):

	Pensions	LACERS	DWP Plans	Totals
<b>Total Pension Liability</b>				
Beginning balance	\$ 19,385,428	\$ 16,909,996	\$ 11,218,446	\$ 47,513,870
Service cost	365,955	322,574	209,832	898,361
Interest	1,399,576	1,263,556	837,977	3,501,109
Benefit payments	(990,363)	(770,317)	(510,485)	(2,271,165)
Experience gains (losses)	(595,188)	(300,813)	(189,469)	(1,085,470)
Assumption changes	--	--	722,928	722,928
Net Change	179,980	515,000	1,070,783	1,765,763
Ending balance	19,565,408	17,424,996	12,289,229	49,279,633
<b>Fiduciary Net Position</b>				
Beginning balance	17,346,554	11,920,570	10,074,300	39,341,424
Employer contributions	478,385	440,546	368,259	1,287,190
Member contributions	129,734	206,377	75,069	411,180
Net investment income	159,313	29,358	95,808	284,479
Benefit payments	(990,363)	(770,318)	(510,485)	(2,271,166)
Administrative expenses	(19,346)	(17,204)	(5,108)	(41,658)
Net change	(242,277)	(111,241)	23,543	(329,975)
Ending balance	17,104,277	11,809,329	10,097,843	39,011,449
Net Pension Liability	\$ 2,461,131	\$ 5,615,667	\$ 2,191,386	\$ 10,268,184

**NOTE 5 – OTHER INFORMATION (Continued)****Sensitivity of the Net Pension Liabilities to Changes in Discount Rates**

Pensions and LACERS used a discount rate of 7.50 percent, while DWP plans used a discount rate of 7.25 percent to measure the total pension liability for the measurement date of June 30, 2016. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017 based on the measurement date of June 30, 2016.

The net pension liability changes when there are changes in the discount rate. The following presents the net pension liabilities (in thousands) calculated using the discount rate of 7.50 percent, as well as what the net pension liabilities would be if they were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate of 7.50 percent for Pensions and LACERS. DWP Plans calculated the NPL using a discount rate of 7.25%, 6.25% for 1-percentage-point lower, and 8.25% for 1-percentage-point higher than the current rate:

	Pensions	LACERS	DWP Plans
1% Decrease (6.50%)/(6.25%)	\$ 5,059,215	\$ 7,914,675	\$ 3,865,667
Current discount rate (7.50%)/(7.25%)	2,461,131	5,615,667	2,191,386
1% Increase (8.50%)/(8.25%)	325,047	3,700,956	808,179

**NOTE 5 – OTHER INFORMATION (Continued)****Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

The City recognized the following pension expenses, deferred outflows of resources and deferred inflows of resources for the fiscal year ended June 30, 2017 (in thousands):

	Pension Expense			
	Pensions	LACERS	DWP Plans	Totals
Service cost	\$ 365,955	\$ 322,574	\$ 209,832	\$ 898,361
Interest on the total pension liability	1,399,576	1,263,556	837,977	3,501,109
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(103,872)	(57,407)	(33,534)	(194,813)
Expensed portion of current-period changes of assumptions or other inputs	--	--	127,952	127,952
Member contributions	(129,734)	(206,377)	(75,069)	(411,180)
Projected earnings on plan investments	(1,302,375)	(903,897)	(752,861)	(2,959,133)
Expensed portion of current-period differences between actual and projected earnings on plan investments	228,613	174,908	131,411	534,932
Administrative expense	19,346	17,204	5,108	41,658
Recognition of beginning of year deferred outflows of resources as pension expense	118,382	256,498	165,521	540,401
Recognition of beginning of year deferred inflows of resources as pension expense	(398,738)	(257,433)	(300,515)	(956,686)
	<u>\$ 197,153</u>	<u>\$ 609,626</u>	<u>\$ 315,822</u>	<u>\$ 1,122,601</u>



**NOTE 5 – OTHER INFORMATION (Continued)**

	Deferred Outflows of Resources			
	Pensions	LACERS	DWP Plans	Totals
Pension contributions subsequent to measurement date	\$ 454,398	\$ 453,423	\$ 394,294	\$ 1,302,115
Changes in proportion and differences between employer's contributions and proportionate share of contributions	--	32,437	12,860	45,297
Changes of assumptions or other inputs	--	366,166	813,143	1,179,309
Net difference between projected and actual earnings on investments	685,104	642,710	340,501	1,668,315
	<u>\$ 1,139,502</u>	<u>\$ 1,494,736</u>	<u>\$ 1,560,798</u>	<u>\$ 4,195,036</u>

	Deferred Inflows of Resources			
	Pensions	LACERS	DWP Plans	Totals
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ --	\$ 32,437	\$ 12,860	\$ 45,297
Changes of assumptions or other inputs	33,040	--	--	33,040
Difference between expected and actual experience in total pension liability	807,126	404,572	346,521	1,558,219
	<u>\$ 840,166</u>	<u>\$ 437,009</u>	<u>\$ 359,381</u>	<u>\$ 1,636,556</u>

The other net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense during the next five years are as follows (in thousands):

Reporting Date under GASB 68 Year Ending	Reporting Date under GASB 68 Year Ending			
	June 30	Pensions	LACERS	DWP Plans
2018	\$	(155,616)	\$ 116,566	\$ 90,835
2019		(155,616)	116,566	174,538
2020		151,517	277,974	268,548
2021		80,481	106,976	211,830
2022		(75,827)	(13,778)	61,371

**NOTE 5 – OTHER INFORMATION (Continued)****Long-term Expected Rate of Return on Plan Investments**

The discount rate used to measure the total pension liability was 7.50% for Pensions and LACERS, and 7.25% for DWP Plans. The long-term expected rate of return on pension investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

Asset Class	Pensions		LACERS		DWP Plans	
	Target Allocation	Long-term Expected Rate of Return As of Measurement Date of June 30, 2016	Target Allocation	Long-term Expected Rate of Return As of Measurement Date of June 30, 2016	Target Allocation	Long-term Expected Rate of Return As of Measurement Date of June 30, 2016
Large cap U.S equity	23.00%	5.61%	19.00%	5.60%	--	--
Small cap U.S. equity	6.00%	6.37%	5.00%	6.50%	--	--
Developed international equity	16.00%	6.96%	19.00%	7.10%	19.00%	7.25%
Developed international small cap equity	--	--	3.00%	7.30%	--	--
Emerging markets equity	5.00%	9.28%	7.00%	9.40%	--	--
Domestic equity	--	--	--	--	29.00%	5.76%
U.S. core fixed income	14.00%	1.06%	--	--	25.00%	1.74%
Core bonds	--	--	19.00%	1.10%	--	--
High yield bonds	3.00%	3.65%	--	--	--	--
Real estate	10.00%	4.37%	--	--	8.00%	4.37%
Real return	--	--	--	--	5.00%	2.39%
Private real estate	--	--	5.00%	4.40%	--	--
Private equity	10.00%	7.50%	12.00%	9.00%	8.00%	7.75%
Hedge funds	--	--	--	--	5.00%	3.50%
Public real estate	--	--	5.00%	3.40%	--	--
Credit opportunities	--	--	5.00%	3.80%	--	--
Treasury inflation protected securities	5.00%	0.94%	--	--	--	--
Commodities	5.00%	3.76%	--	--	--	--
Cash	1.00%	-0.17%	1.00%	-0.10%	1.00%	-0.46%
Unconstrained fixed income	2.00%	2.50%	--	--	--	--
	<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>	

**NOTE 5 – OTHER INFORMATION (Continued)****Actuarial Methods and Assumptions**

Significant actuarial methods and assumptions used to determine the total pension liabilities for the reporting period of June 30, 2017 are as follows:

	Pensions	LACERS	DWP Plans
Measurement date	June 30, 2016	June 30, 2016	June 30, 2016
Valuation date	June 30, 2015	June 30, 2016	July 1, 2016
Inflation rate	3.25%	3.25%	3.00%
Actuarial cost method	Entry age actuarial cost method	Entry age actuarial cost method	Entry age actuarial cost method
Actuarial assumptions:			
Salary increases	4.75% to 11.50%	4.40% to 10.50%	4.50% to 10.00%
Investment rate of return	7.50% net of investment expense	7.50% net of investment expense	7.25% net of investment expense
Mortality rates:			
Healthy	Healthy: RP-2000 Combined Healthy Mortality Table (separate for males and females) projected to 2022 with scale BB set back one year for members and set forward one year for beneficiaries.	RP-2000 Combined Healthy Mortality Table projected with scale BB to 2020, set back one year for males and with no set back for females.	Head count - weighted RP-2014 Healthy Annuitant Mortality Table with no age adjustment for males, and set back one year for females, projected generationally with the two-dimensional MP-2015 projection scale.
Disabled	RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022, with scale BB set forward one year.	RP-2000 Combined Healthy Mortality Table projected with scale BB to 2020, set forward seven years for males and set forward eight years for females.	Head count - weighted RP-2014 Healthy Annuitant Mortality Table with no age adjustment for males, and set back one year for females, projected generationally with the two-dimensional MP-2015 projection scale.
Actuarial Experience Study	July 1, 2010 to June 30, 2013	July 1, 2011 to June 30, 2014	July 1, 2012 to June 30, 2015

**NOTE 5 – OTHER INFORMATION (Continued)****Other Postemployment Benefits (OPEB)**

The City Charter, the Administrative Code and related ordinance define the postemployment healthcare benefits. The City provides three single-employer defined other postemployment benefit plans: Fire and Police Health Subsidy Plan (Pensions OPEB), Los Angeles City Employees Postemployment Health Care Plan (LACERS OPEB), and Water and Power Employees' Retiree Health Benefits Plan (DWP OPEB). There are no member contributions for healthcare benefits. The City's OPEB and net OPEB obligations for LACERS and Pensions are generally liquidated by the General Fund, Airports and Harbor Enterprise funds; and the General Fund and Harbor Enterprise funds, respectively.

Annual OPEB Cost and Net OPEB Asset (Liability)

The City's annual OPEB cost for the current year, net OPEB asset (liability) at the end of the fiscal year, and related information for each plan are as follows (in thousands):

	Pensions OPEB	LACERS OPEB	DWP OPEB
Annual required contribution rates	12.0% of covered payroll	4.7% of covered payroll	9.8% of covered payroll
Annual required contribution	\$ 177,024	\$ 97,457	\$ 97,265
Interest on net OPEB asset (liability)	9,938	--	(76,059)
Adjustment to annual required contribution	(9,419)	--	80,047
Annual OPEB cost	177,543	97,457	101,253
Contributions made	177,024	97,457	85,736
Change in net OPEB asset (liability)	(519)	--	(15,517)
Net OPEB asset (liability) - beginning of year	(132,506)	--	994,951
Net OPEB asset (liability) - end of year	\$ (133,025)	\$ --	\$ 979,434

**NOTE 5 – OTHER INFORMATION (Continued)**Pensions

Administrative Code Section 4.1154 (e) provides that, on an annual basis beginning in 2006, the Pensions Board is authorized to make discretionary changes to the maximum monthly subsidy, so long as no increase exceeds the lesser of a 7% increase or the actuarial assumed rate for medical inflation for pre-65 health benefits established by the Board for the applicable fiscal year. The maximum monthly subsidy for fiscal years 2017 was \$1,536. Pensions also reimburses Medicare Part B premiums for any pensioner enrolled in Medicare Parts A and B, and eligible to receive a subsidy.

Members of Pensions are entitled to post-employment health insurance premium reimbursements under Section 4.1163 of the Administrative Code. The reimbursement paid is a percentage of the maximum subsidy for health care. Pensions also reimburses basic Medicare Part B premiums for any pensioner or qualified surviving spouse/domestic partner eligible to receive a subsidy and enrolled in Medicare Parts A and B.

Pensions members are also entitled to dental subsidy. The benefit paid is a percentage of a maximum subsidy for dental care based on the lower of the dental subsidy in effect for LACERS (civilian retirees) or active Safety Members. The maximum monthly subsidy for calendar years 2017 was \$45. In determining the dental subsidy, members receive 4% for each completed year of service, up to 100% of the maximum.

LACERS

LACERS administers, and provides postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan regardless of their membership tiers. These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s). To be eligible for LACERS postemployment healthcare benefits, member must: 1) be at least age 55; 2) have at least 10 whole years of service with LACERS; and 3) be enrolled in a LACERS-sponsored medical or dental plan or are a participant in the Medical Premium Reimbursement Program (MPRP). Retirees and surviving spouses/domestic partners can choose from the health plans that are available, which include medical, dental, and vision benefits, or participate in the MPRP if he/she resides in an area not covered by the available medical plans. Retirees and surviving spouses/domestic partners receive medical subsidies based on service years and service credit. The dental subsidies are provided to the retirees only, based on service years and service credit.

The maximum subsidies are set annually by the Board. Effective February 21, 2016, healthcare benefit eligibility requirements have changed members who have periods of part-time service. Such members are now eligible to participate in the LACERS retiree medical programs with a 10 whole years of service, even if some or all of that service was part-time, provided that the member meets the eligibility requirements. Both Tier 1 and Tier 3 members will be eligible for 40% of maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and eligible members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of LACERS members are entitled to LACERS postemployment health care benefits after the retired member's death.

**NOTE 5 – OTHER INFORMATION (Continued)**

During fiscal year 2011, the City adopted an ordinance (“Subsidy Cap Ordinance”) to limit the maximum medical subsidy at \$1,190 for those members who retire on or after July 1, 2011; however, members who at any time prior to retirement made additional contributions are exempted from the subsidy cap and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2017, all active Tier 1 and Tier 3 members were making the additional contributions, and therefore will not be subject to the medical subsidy cap.

DWP Plans

DWP Plans pays a monthly maximum subsidy of \$1,943 for medical and dental premiums depending on the employee’s work location and benefits earned. Members choosing plans with a cost in excess of the subsidy are required to pay the difference.

The annual required contribution is the amount calculated to determine the annual cost of the OPEB plans. The calculation consists of adding the normal cost of the plan to an amortization payment. For Pensions and LACERS, both are determined as of the start of the accounting period and adjusted as if the annual cost were to be contributed throughout the fiscal year or on July 15<sup>th</sup>. For DWP Plans, contribution rates were determined as of the latest actuarial valuation date of June 30, 2017.

In fiscal year 2017, the employer contributions for Pensions, LACERS, and DWP OPEB were \$177.0 million, \$97.5 million and \$85.7 million, respectively.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB asset (liability) for fiscal year 2017 and the two preceding years for each of the plans are as follows (amounts in thousands):

	Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Asset (Liability)
Pensions OPEB	6/30/15	\$ 160,866	99	\$ (131,698)
	6/30/16	161,911	99	(132,506)
	6/30/17	177,543	99	(133,025)
LACERS OPEB	6/30/15	100,467	100	--
	6/30/16	105,983	100	--
	6/30/17	97,457	100	--
DWP OPEB	6/30/15	68,150	108	983,424
	6/30/16	61,467	119	994,951
	6/30/17	101,253	85	979,434

**NOTE 5 – OTHER INFORMATION (Continued)**Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2017 (amounts in thousands):

	<u>Pensions OPEB</u>	<u>LACERS OPEB</u>	<u>DWP OPEB</u>
Actuarial Accrued Liability (AAL)	\$ 3,322,746	\$ 3,005,806	\$ 2,347,484
Actuarial Value of Assets	<u>1,637,846</u>	<u>2,438,458</u>	<u>1,898,137</u>
Unfunded AAL	<u>\$ 1,684,900</u>	<u>\$ 567,348</u>	<u>\$ 449,347</u>
Funded Ratio	49.3%	81.1%	80.9%
Covered Payroll	\$ 1,475,539	\$ 2,062,316	\$ 991,815
Unfunded AAL as a percentage of covered payroll	114.2%	27.5%	45.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, investment returns, and health care cost trends. The funded status of the plan and the annual required contributions of the employer, determined by the annual actuarial valuations, are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. It was updated for the actuarial valuation date of June 30, 2017 for Pensions and LACERS and June 30, 2017 for DWP Plans and presented as RSI following the notes to financial statements.

Although no formal funding policy has been established for the future benefits to be provided under this plan, DWP has made significant contributions into the Retiree Health Benefits Fund (DWP Retiree Fund) during previous years. In fiscal year 2017, DWP paid \$85.7 million in retiree medical premiums. The Power and Water Enterprise Funds' portion of retiree medical premium payments was \$58.0 million and \$28.1 million, respectively.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in AAL and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**NOTE 5 – OTHER INFORMATION (Continued)**

The significant actuarial methods and assumptions used to compute the actuarially determined Pensions' OPEB funded status and annual required contributions, are as follows:

	Pensions OPEB	
	June 30, 2017	June 30, 2016
Actuarial valuation date	June 30, 2017	June 30, 2016
Actuarial cost method	Entry age normal, level percent of pay	Entry age normal, level percent of pay
Amortization method	Closed amortization periods	Closed amortization periods
Remaining amortization period	On September 6, 2012, the Pensions Board adopted the following amortization policy (in years): closed amortization period for actuarial gain or losses-20; assumption or method changes-20; plan amendments-15; ERIPs-5; and actuarial surplus-30	18 years for bases established on June 30, 2014; 23 years for assumption change base established on June 30, 2014; 19 years for bases established on June 30, 2015
Asset valuation method	Market value of assets less unrecognized return in each of the last 7 years.	Market value of assets less unrecognized return in each of the last 7 years.
Actuarial assumptions:		
Investment rate of return	7.25%	7.50%
Projected salary increases	3.50%	4.00%
Inflation rate	3.00%	3.25%
Across-the-board pay increase	0.50%	0.75%
Healthcare cost trend rates		
Medical	7.00% in 2017-18, then decreasing by 0.25% for each year for 10 years until it reaches an ultimate rate of 4.50%	7.00% in 2016-17, then decreasing by 0.25% for each year for 7 years until it reaches an ultimate rate of 5.00%
Dental	4.50%	5.00%



**NOTE 5 – OTHER INFORMATION (Continued)**

The significant actuarial methods and assumptions used to compute the actuarially determined LACERS' OPEB funded status and annual required contributions, are as follows:

	LACERS OPEB	
	June 30, 2017	June 30, 2016
Actuarial valuation date	June 30, 2017	June 30, 2016
Actuarial cost method	Entry age cost method	Entry age cost method
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 15 to 20 years	Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 15 to 20 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last 7 years.	Market value of assets less unrecognized returns in each of the last 7 years.
Actuarial assumptions:		
Investment rate of return	7.25%	7.50%
Projected salary increases	Ranges from 10.00% to 3.90%	Ranges from 10.50% to 4.40%
Real across-the-board salary increase	0.50%	0.75%
Inflation rate	3.00%	3.25%
Healthcare cost trend rates		
Medical	6.87% graded down to 4.50% over 10 years for Non-Medicare medical plan costs; 6.37% graded down to 4.5% over 8 years for Medicare medical plan costs; and 4.5% for all years for Dental and Medicare Part B subsidy cost.	6.50% decreasing by 0.25% for each year for 7 years until it reaches an ultimate rate of 5.00%
Dental	4.50%	5.00%

**NOTE 5 – OTHER INFORMATION (Continued)**

The significant actuarial methods and assumptions used to compute the actuarially determined DWP Plan's OPEB funded status and annual required contributions, are as follows:

Actuarial valuation date	DWP Plans OPEB	
	June 30, 2017	June 30, 2016
Actuarial cost method	Entry age, level percent of pay	Entry age normal, level percent of pay
Amortization method	30-year amortization closed, level percent of pay	30-year amortization closed, level percent of pay
Remaining amortization period	18 years remaining as of June 30, 2017	19 years remaining as of June 30, 2016
Asset valuation method	Market value of assets less unrecognized returns in each of the last 5 years.	Market value of assets less unrecognized returns in each of the last 5 years.
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.50%	3.50%
Inflation rate	3.00%	3.00%
Healthcare cost trend rates		
Medical	6.50% , graded down to an ultimate rate of 4.50% over 8 years	6.50% , graded down to an ultimate rate of 5.00% over 6 years
Dental	4.50%	5.00%

**Deferred Retirement Option Plan**

Effective May 1, 2002, members of Pensions have the option to enroll in the Deferred Retirement Option Plan (DROP) under Section 4.2100 of the Administrative Code. Members of Tiers 2 and 4 who have at least 25 years of service, and members of Tiers 3, 5, and 6 who have at least 25 years of service and who are at least age 50 are eligible for DROP.

Members who enroll continue to work and receive their active salary for up to five years. Enrolled members continue to contribute to Pensions until they have completed the maximum number of years required for their tier but cease to earn additional retirement service and salary credits. Monthly pension benefits that would have been paid to enrolled members are credited to their DROP accounts. DROP account balances earn interest at an annual rate of 5%.

Once the DROP participation period ends, enrolled members must terminate active employment. They then receive the proceeds from their DROP account and a monthly benefit based on their service and salary at the beginning date of their DROP participation, plus applicable COLAs.

**NOTE 5 – OTHER INFORMATION (Continued)**

At June 30, 2017, 1,303 pensioners were enrolled in the DROP program, with total estimated values of the DROP accounts of approximately \$267.0 million.

**Two Percent Opt-In**

On July 15, 2011, the City Council adopted an ordinance to permanently freeze the retiree health subsidies and reimbursements for members of Pensions who retired or entered DROP on or after July 15, 2011. This ordinance added language to the Los Angeles Administrative Code to freeze the maximum monthly non-Medicare subsidy at the July 1, 2011, rate of \$1,097.41 per month, and freeze the maximum monthly Medicare subsidy as of the January 1, 2011, rate of \$480.4 per month. However, the ordinance also provided that members may make an irrevocable election to contribute towards vesting increases in the maximum medical subsidy, as allowed by an applicable MOU.

Members who opted-in to make an additional two percent pension contributions are entitled to the current maximum medical subsidy benefit and all future subsidy increases once they retire and become eligible to receive a subsidy. The opt-in period for the majority of the members began August 15, 2011, and closed September 29, 2011.

**Patient Protection and Affordable Care Act (PPACA)**

The PPACA of 2010 contains a provision that would impose a forty percent excise tax on the annual value of health plan costs that exceed certain dollar thresholds beginning in 2018; subsequent legislation has since postponed this provision until 2020. If there is no change in the law or the System plan provisions between now and 2020, and if the current medical cost trend stays substantially the same during the same period, some of Pensions' post-employment health care plans will be subject to the excise tax in 2020.

GASB 74 requires that projections of benefit payments include certain taxes or other assessments expected to be imposed on benefit payments. The June 30, 2017 OPEB liabilities under GASB 74 reflect the excise tax from the Affordable Care Act (ACA) and related statutes.

Power and Water estimated the potential impact of this excise tax on the liability based on unadjusted thresholds and assuming the tax is shared between Power and Water and its participants in the same way that the current costs are shared. The estimated impact is reflected in all actuarial valuation reports after July 1, 2010.

**B. Early Retirement Incentive Program**

The City's Early Retirement Incentive Program (ERIP) in 2009 provided incentives for 2,400 members of LACERS to retire in the form of retirement benefit enhancement and/or separation pay incentives. Total severance and separation payment costs of \$89.4 million were paid out in two installments in fiscal years 2011 and 2012. ERIP cost obligation shall be an obligation of the LACERS' members and shall be cost-neutral to the City. To this end, the retirement benefits of employees retiring under ERIP shall be reduced by 1.0%. The ERIP ordinance stipulated a 1.0% increase in member contribution rate for all employees effective July 1, 2011, for a period of 15 years, or until the ERIP cost obligation is fully paid, whichever comes first.

**NOTE 5 – OTHER INFORMATION (Continued)****C. Commitments and Contingencies****Contingencies****Governmental Activities**Pledges of Future Revenues

The City has pledged certain future revenues for the payment of certain outstanding long-term obligations. Discussions about pledged revenues are included in Note 4I on Long-Term Liabilities.

Pending Lawsuits and Claims

As mentioned in Note 4P, certain pending lawsuits and claims have a reasonable possibility of resulting in additional liability totaling approximately \$36.0 million. However, no amount has been accrued in the accompanying financial statements because it is not probable that a loss has been incurred as of June 30, 2017.

*Brewster v. City of Los Angeles* was a putative class action filed in Federal District Court for damages pursuant to 28 U.S.C. Section 1983. The complaint alleged that the City violated the plaintiffs' rights under the Fourth Amendment of the U.S. Constitution by impounding vehicles, without a warrant, for 30 days pursuant to Los Angeles Police Department Special Order No. 7. On December 26, 2014, the City filed a motion to dismiss the complaint. Pending its motion of dismissal, the City filed its opposition to the preliminary injunction on January 12, 2015. The Federal District Court granted the motion to dismiss the complaint on March 19, 2015 which the plaintiffs appealed. On June 21, 2017, the Ninth Circuit Court reversed the District Court's decision to dismiss the complaint. The City has appealed the matter to the U.S. Supreme Court on November 21, 2017. In the event the U.S. Supreme Court does not grant the City's request, the City faces probable liability of \$10.0 to \$15.0 million.

*Lavinsky et al. v. City of Los Angeles and Enquist et al. v. City of Los Angeles* are class action lawsuits challenging the City's method of computing gas users tax (GUT) and seeking a refund of excess GUT paid. In December 2014, the court ruled in favor of the plaintiffs of *Lavinsky et al.* on summary judgment, finding that the existing language of GUT to be ambiguous. The class was certified on October 21, 2015. The City is currently in settlement discussion with the plaintiffs. Any settlement agreed to by the parties would result in a refund of the portion of GUT previously collected and currently collected that relates to the state regulatory fee and public surcharge. The refund, which is expected to occur over a period of years, could range between \$30.0 million to \$40.0 million. *Enquist* case was filed on August 13, 2015 and the City plans on defending the lawsuit vigorously. It is reasonably possible that if the City were to incur liability, with class certification, the estimated liability could range from \$25.0 to \$30.0 million.

*Atkins v. City of Los Angeles* was a case alleging disability discrimination. Plaintiffs were police recruit officers between 2008 and 2009 but were terminated for forced to resign from the Academy when they were unable to complete training due to injuries sustained during training. The Jury rendered a verdict in favor of the plaintiffs' and awarded a total judgment of \$14.0 million which the City appealed. On February 14, 2017 as modified on March 17, 2017, the appeals court, agreeing with the portions of the City's arguments, struck down a portion of the jury award for approximately \$5.8 million, plus accrued interest of approximately \$2.0 million. The question of future damages of \$5.0 million plus attorney's fees was remanded back to the trial court. A trial date is yet to be set.

**NOTE 5 – OTHER INFORMATION (Continued)**

*Ardon v. City of Los Angeles and J2 Global Communications, Inc.* are class actions that challenged the validity of the City's telephone users tax based on a federal government interpretation of the federal excise tax. The City settled this case in 2016, the terms of which capped its liability to \$92.5 million. As of fiscal year 2017, the City has paid approximately \$45.8 million towards the settlement.

*Fair Labor Standards Act.* The City has been sued in approximately twelve separate cases, many of which were or are class action-type cases for alleged violations of the Fair Labor Standards Act. The cases involve classes of police officers and firefighters and include allegations of failure to compensate for off-the-clock hours worked, unpaid overtime, meal breaks worked, "white time", and retaliatory disciplinary action. The City is currently appealing this case. The likelihood that the plaintiffs will prevail on appeal is remote. In the event that the Ninth Circuit grants the plaintiffs' appeal and liability is determined at trial, which is not certain, the range of possible loss could be up to \$20.0 million.

**Business-Type Activities****Airports Enterprise Fund**Aviation Security

Concerns about the safety and security of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand, particularly in the light of existing international hostilities, potential terrorist attacks, and world health concerns, including epidemics and pandemics. As a result of terrorist activities, certain international hostilities and risk of violent crime, Airports has implemented enhanced security measures mandated by the FAA, the Transportation Security Administration (TSA), the Department of Homeland Security and Airport management. Current and future security measures may create significantly increased inconvenience, costs and delays at LAX which may give rise to the avoidance of air travel generally and the switching from air to ground travel modes and may adversely affect Airports' operations, expenses and revenues. LAX has been the target of a foiled terrorist bombing plot and has been recognized as a potential terrorist target. Recent incidents at United States and international airports underscore this risk. LAX is a high profile public facility in a major metropolitan area. Airports cannot predict whether LAX or any of LAWA's other airports will be actual targets of terrorists or other violent acts in the future.

Environmental Matters

The California Regional Water Quality Control Board, Lahontan Region (Water Board) issued a Notice of Revised Proposed Cleanup and Abatement Order (Order) to Los Angeles County Sanitation District No. 20 (District) and the City of Los Angeles (City), as Dischargers, with respect to discharges to underground water from the Palmdale Reclamation Plant (Reclamation Plant) owned by the District. The Order states that the discharges have resulted in violations of waste discharge requirements for the Reclamation Plant and prohibitions contained in the Water Quality Control Plan for the Lahontan Region, and that discharges from the Reclamation Plant to unlined ponds and to the Effluent Management Site (owned by the City and now known as the Agricultural Site) have adversely affected and polluted groundwater in the area of the discharges. The Water Board issued an order to the District and Airports to submit technical reports that include feasibility and costs to remove nitrate from groundwater to certain acceptable levels. The costs and timeframe to perform the Order, along with the apportionment of liability, are uncertain at this time.

**NOTE 5 – OTHER INFORMATION (Continued)****Federal Aviation Administration (FAA) Audit Findings**

In December 2009, two cases were settled that related to FAA's audit findings of improper payments by LAWA to the City General Fund. The cases involved compliance review by FAA of the transfer of LAWA revenue funds to the City General Fund for the implementation of a joint strategic international marketing alliance, and the legality of the transfer of \$43.0 million out of approximately \$58.0 million representing condemnation proceeds received for certain City-owned property taken by the State for use in the construction of the Century Freeway. The settlement calls for a series of semi-annual payments over ten years through June 30, 2019 by the City General Fund to LAWA totaling \$17.7 million plus 3.0% interest for a total of \$21.3 million. The installment payments will be offset against billings for actual cost of services provided by the City General Fund to LAWA. At June 30, 2017, the outstanding principal amount of \$2.9 million receivable beyond one year was reported under other noncurrent assets. The balance of \$2.9 million was reported as receivable within one year under unrestricted current assets for June 30, 2017.

**Harbor Enterprise Fund****Alameda Corridor Transportation Authority (ACTA) Agreement**

In August 1989, Harbor and the POLB (the Ports) entered into a joint exercise of powers agreement and formed ACTA for the purpose of establishing a comprehensive transportation corridor and related facilities consisting of street and railroad rights-of-way and an improved highway and railroad network along Alameda Street between the Santa Monica Freeway and the Ports in San Pedro Bay, linking the Ports to the central Los Angeles area. The Alameda Corridor began operating on April 15, 2002. ACTA is governed by a seven-member board, which is comprised of two members from each Port, one each from the Cities of Los Angeles and Long Beach and one from the Metropolitan Transportation Authority. If in the future, ACTA is able to distribute income or make equity distributions, the Ports shall share such income and equity distributions equally.

In October 1998, the Ports, ACTA, and the railroad companies, which operate on the corridor, entered into a Corridor Use and Operating Agreement (Corridor Agreement). The Corridor Agreement provides for operation of the corridor to transport cargo into and out of the Ports. Payment of use fees and container charges, as defined in the Corridor Agreement are used to pay (a) the debt service that ACTA incurs on approximately \$2.2 billion of outstanding bonds, (b) for the cost of funding required reserves and costs associated with the financing, including credit enhancement and rebate requirements, and (c) repayment and reimbursement obligations to the Ports, (collectively, ACTA Obligations). Use fees end in 2062 or sooner if the ACTA Obligations are paid off earlier.

If ACTA revenues are insufficient to pay ACTA Obligations outlined in (a) and (b) above, the Corridor Agreement obligates each Port to pay up to twenty percent (20%) of the shortfall (Shortfall) for each debt service payment date. If this event occurs, the Ports' payments to ACTA are intended to provide cash for debt service payments and to assure that the Alameda Corridor is available to maintain continued cargo movement through the Ports. The Ports are required to include expected Shortfall payments in their budgets, but Shortfall payments are subordinate to other obligations of Harbor, including the bonds and commercial paper currently outstanding. Harbor does not and is not required to take Shortfall payments into account when determining whether it may incur additional indebtedness or when calculating compliance with rate covenants under the respective bond indentures and resolutions related to each Port bond or indebtedness.

**NOTE 5 – OTHER INFORMATION (Continued)**

An amended and restated Corridor Agreement became effective December 15, 2016, which (1) incorporated the July 5, 2006 First Amendment to the Corridor Agreement; (2) replaced the Operating Committee with an alternative decision making process for management of Alameda Corridor maintenance and operations; and (3) removed construction related provisions and updated certain other provisions to reflect current conditions and practices. The Los Angeles Board of Harbor Commissioners approved the amended and restated Corridor Agreement at a meeting held on October 24, 2016.

In 2016, ACTA issued Tax-Exempt First and Second Subordinate Lien Revenue Refunding Bonds, Series 2016A and Series 2016B (Series 2016 Bonds). The issuance of the Series 2016 Bonds advance refunded most of ACTA's Refunding Series 2004A Bonds and reduced potential future Shortfall payments. There was no Shortfall payments in fiscal year 2017.

**Natural Resources Defense Council Settlement Judgment**

In March 2003, Harbor settled a lawsuit entitled: Natural Resources Defense Council, Inc., et al. v. City of Los Angeles, et al., regarding the environmental review of a Harbor project at the China Shipping Terminal. The settlement called for a total of \$50.0 million in mitigation measures to be undertaken by Harbor. This \$50.0 million charge was recorded as an expense in fiscal year 2003.

The terms of the settlement agreement require that Harbor fund various mitigation activities in the amount of \$10.0 million per year over a five-year term ending in fiscal year 2007. As of June 30, 2009, a total of \$50.0 million were transferred from Harbor Revenue Fund to the restricted mitigation funds.

In June 2004, Harbor agreed to amend the original settlement to include, and transferred to the restricted mitigation fund, an additional \$3.5 million for the creation of parks and open space in San Pedro. Pursuant to the settlement agreement, Harbor is also obligated to expend up to \$5.0 million to retrofit customer vessels to receive shore-side power as an alternative to using on-board diesel fueled generators. Through the end of fiscal year 2009, Harbor has spent \$5.0 million for this program.

The settlement agreement also established a throughput restriction at China Shipping Terminal per calendar year. Actual throughput at the terminal exceeded the cap for calendar years 2008, 2007, 2006, and 2005, and payments of \$1.8 million, \$6.9 million, \$5.8 million, and \$3.9 million, respectively, were made for having exceeded the caps. Harbor charged to nonoperating expense and deposited in the restricted mitigation fund the said amounts in June 2009, June 2008, May 2007, and April 2006, respectively. Total deposits for the four years were \$18.4 million, with the June 2009 deposit for calendar year 2008 being the last payment for excess throughput required under the settlement agreement.

In April 2011, Harbor contributed \$3.2 million to the restricted mitigation funds as payment for four low profile cranes installed on Berth 102 designed to reduce visual impact by the use of a horizontal boom that does not need to be raised up when the crane is not in use. In November 2015, two separate Memoranda of Agreements were approved and authorized to transfer \$5.2 million to the Harbor Community Benefit Foundation (HCBF) to administer air quality improvement projects and \$4.0 million to the South Coast Air Quality Management District to assist in funding the demonstration of a catenary zero emission truck project. As of June 30, 2017, Harbor has contributed a total of \$75.0 million to the restricted mitigation funds in accordance with the provisions of the settlement.

**NOTE 5 – OTHER INFORMATION (Continued)****Trapac Project and Environmental Impact Report**

On December 6, 2007, the Board of Harbor Commissioners (BHC) certified the Final Environmental Impact Report for TraPac, Inc. (TraPac), a terminal operator, and approved the TraPac project. The TraPac project involves the development and improvements to Berths 136-147, currently occupied by TraPac. Subsequent to the project approval, certain entities (Appellants) appealed to the City Council the certification/project approval under the provisions of the California Environmental Quality Act (CEQA).

On April 3, 2008, the BHC approved a Memorandum of Understanding (MOU) between the City and the Appellants to resolve the appeal of the TraPac Environmental Impact Report (EIR). The MOU provides for the revocation of the appeals and the establishment of a Port Community Mitigation Trust Fund (PCMTF) to be operated by a nonprofit entity to pay for off-Port environmental impacts from Port-related operations. The nonprofit created to provide administrative services for this fund is the Harbor Community Benefit Foundation (HCBF).

Harbor had provided the first two years PCMTF funding of \$12.0 million and \$4.0 million in a special Community Mitigation Trust Fund (CMTF) account maintained by Harbor to meet its obligations in the MOU. The MOU required additional contributions of \$2.00 per TEU to be made in the event that future cargo exceeded calendar year 2007 levels in future years. Based on the reduced volume of cargo processed in the applicable term due to the recession, no additional PCMTF funding has been necessary for incremental volume.

On October 26, 2010, the BHC approved the Operating Agreement of the TraPac MOU (Operating Agreement) which provided for more detailed procedures for the implementation of the MOU. The Operating Agreement also provided for the management of the PCMTF by an independent financial manager. In accordance with the Operating Agreement, in 2011 Harbor transferred the unspent balance of PCMTF funding from its CMTF to the PCMTF, an escrow account maintained by an independent financial manager, which is currently J.P. Morgan.

While the five-year MOU expired in April 2013, the Operating Agreement provided that Harbor shall continue to fund the PCMTF with contributions on account of a list of specific expansion projects that have environmental impact reports certified within five years after the first HCBF Board of Directors meeting (said certification deadline established as May 19, 2016). The Operating Agreement provides that if the listed MOU expansion projects have EIRs certified by the May 2016 deadline and proceeds with construction; Harbor will make a one-time additional contribution at a rate of \$3.50 per TEU (or \$1.50 per cruise passenger, and \$0.15 per ton of bulk cargo) per project for growth associated with such expansion projects. Funds will be transferred to the PCMTF within 21 days following award of a construction contract or commencement of construction of each project that had an EIR certified prior to May 19, 2016. There were no contributions made during fiscal year 2017. As of June 30, 2017, a total of \$17.5 million has been disbursed from the Harbor's CMTF. The remaining fund balance including interest earned as of June 30, 2017 is \$0.1 million.

**Power and Water Enterprise Funds**

A number of claims and suits are also pending against DWP for alleged damages to persons and property and for other alleged liabilities arising out of DWP's operations. In the opinion of DWP management, any ultimate liability, which may arise from these actions, is not expected to materially impact the Power and Water Enterprise Funds' financial statements as of June 30, 2017.



**NOTE 5 – OTHER INFORMATION (Continued)****Power Enterprise Fund**Power Revenue Fund Surplus Transfer to City

Under the provision of the City Charter, Power transfers funds at its discretion to the reserve fund of the City. Pursuant to the covenants contained in the bond indentures, the transfers may not be in excess of the increase in fund net position before transfers to the reserve fund of the City of the prior fiscal year.

On September 14, 2017, the Los Angeles County Superior Court preliminarily approved a settlement of a class action lawsuit under which the revenue collected under the 2016 Incremental Electric Rate Ordinance (the 2016 Ordinance) is precluded from being transferred to the reserve fund of the City. As of June 30, 2017, Power Has billed approximately \$52.0 million under the 2016 Ordinance that under the settlement needs to be returned to customers net of attorney's fees and other administrative costs. Accordingly, for fiscal year ended June 30, 2017, Power reduced retail revenue by the same \$52.0 million and increased current accrued expenses accordingly. In October 2017, \$52.0 million was placed in escrow account for return to customers. Upon proof of such return, Power can request funds from the escrow account accordingly. Going forward, the 2016 Ordinance rates will be reduced through the Variable Energy Cost Adjustment so that no revenue for transfers is billed under the Ordinance.

During fiscal year 2017, the 2008 Electric Rate Ordinance (the 2008 Ordinance) and the 2016 Ordinance were in effect. Revenue from each ordinance is listed below, as well as revenue from other sources, including contracts for wholesale energy and transmission revenue. The 12.628 cents under the 2008 Ordinance is determined based on the fiscal year's revenue billed and kilowatt-hour (kwh) usage as of November 3, 2010. The 2008 Ordinance was the only ordinance in effect at that time. The following table relates to revenue billed to customers for the year ended June 30, 2017:

Revenue Type	Basis of Revenue	kwh (in billions)	Rate per Kwh under the 2008 Ordinance	Revenue (in thousands)
Retail sales	2008 Ordinance	22.5	\$ 0.12628	\$ 2,840,052
Retail sales	2008 Ordinance	22.5		577,331
Wholesale sales	Contract			40,870
Transmission sales	Contract			47,229
Rent from electric property	Contract			1,414
Other service charges	Fee schedule			19,537
Rent stabilization fund	Board action			74,000
Unbilled sales	Estimated			132,338
Bad debts expense	Estimated			(34,847)
				\$ 3,697,924

**NOTE 5 – OTHER INFORMATION (Continued)****Water Enterprise Fund**Purchase Water Commitments

As a member of the Metropolitan Water District (Metropolitan), DWP purchases water from Metropolitan pursuant to water supply purchase orders entered into with Metropolitan for specific periods. In January 2015, DWP and Metropolitan executed a new purchase order for Imported Water Supply Agreement (the Purchase Order Agreement), which requires DWP to purchase at least 2,033,134 acre-feet of water over a 10-year period commencing on January 1, 2015 and expiring on December 31, 2024. Some of the key terms of the Purchase Order Agreement include the following: (a) DWP's annual maximum Tier 1 allocation of water from Metropolitan is 335,663 acre-feet per year, or 3,356,630 acre-feet for the 10-year term of the Purchase Order Agreement; (b) any obligation to pay Metropolitan's Tier 2 supply rate will only be assessed if a member agency exceeds their total 10-year Tier 1 allocation. Under the previous purchase order agreement, Tier 2 costs were assessed on an annual basis, with no ability for member agencies to carry over unused Tier 1 allocation from one year to the next; (c) opportunity to reset the base period demand using a five-year rolling average; and (d) an appeals process for agencies with unmet purchase commitments has been established. This will allow each acre-foot of unmet purchase order commitment to be reduced by the amount of production from a local resource project that commences operation on or after January 1, 2014, which will allow member agencies who successfully develop local supplies, not to be charged if production of these supplies negatively impacts their minimum purchase order commitment. Water is committed to purchase 1,288,000 acre feet of water from Metropolitan related to this agreement over the next 7.5 years, which is estimated to total \$1.5 billion, or about \$202.0 million per year.

Surface Water Treatment Rule

The State of California Surface Water Treatment Rule (SWTR) imposed increased filtration requirements at any open distribution reservoir exposed to surface water runoff. DWP had four major reservoirs in its system subject to SWTR: Upper and Lower Hollywood, Lower Stone Canyon, and Encino. To comply with SWTR, DWP designed projects to remove these reservoirs from regular service through construction of larger pipelines and alternate covered storage facilities.

The Hollywood Water Quality Improvement Project was completed in July 2002. Upper and Lower Hollywood Reservoirs were removed from service and functionally replaced by two 30 million gallon tanks and additional pipelines. Construction of the Encino Water Quality Improvement Project was completed in December 2007. Construction of the Lower Stone Canyon Water Quality Improvement Project was completed in November 2008. DWP is now in compliance with the SWTR.

**NOTE 5 – OTHER INFORMATION (Continued)**Stage 2 Disinfectants and Disinfection Byproduct Rule

In January 2006, the Environmental Protection Agency (EPA) published the Stage 2 Disinfectants and Disinfection Byproduct Rule (Stage 2 DBP Rule) in the federal register. The Stage 2 DBP Rule strengthens public health protection for customers by tightening compliance monitoring requirements for two groups of disinfection by-products (DBPs): trihalomethanes (TTHM), and haloacetic acids (HAA5). DBPs form when naturally occurring materials in water (e.g., decomposing plant material) combine with chemicals added to disinfect the water. DBPs are associated with cancer. In order to comply with the requirements of the Stage 2 DBP Rule, DWP must change its primary disinfectant from chlorine to chloramines, a less reactive disinfectant, by April 1, 2014. In order to convert to chloramines, DWP constructed an ultraviolet filtration plant, two chloramination stations, three ammoniation stations, two chlorination stations and has and will continue to install mixers in tanks and reservoirs. DWP achieved compliance with the Stage 2 DBP Rule before April 2014 compliance date. Additional treatment facilities will be constructed as groundwater sources are improved and/or expanded. The cost of Stage 2 DBP compliance related engineering studies and construction activities is expected to be approximately \$374.0 million at completion. The actual expenditures to date are \$306.9 million.

Long-Term 2 Enhanced Surface Water Treatment Rule

In January 2006, the EPA published the Long-Term 2 Enhanced Surface Water Treatment Rule (LT2) in the federal register. The LT2 builds upon the Safe Drinking Water Act and other earlier water quality rules to strengthen protection against microbial contaminants, especially *Cryptosporidium*. *Cryptosporidium* is a significant concern in drinking water because it contaminates most watersheds used for the collection of drinking water and can cause gastrointestinal illness. DWP has six reservoirs in its system subject to LT2: Ivanhoe, Silver Lake, Elysian, Upper Stone Canyon, Santa Ynez, and Los Angeles. In order to comply with the requirements of the LT2, DWP is proposing to treat, cover, bypass, or build alternate covered storage for the aforementioned reservoirs and to install additional pipelines and related facilities. Santa Ynez Reservoir has now been covered, Silver Lake Reservoir has been removed from service, and Elysian is out of service while the cover is under construction. The remainder of these projects are in different stages of design, and construction. The cost of LT2-compliance-related engineering studies and construction activities is expected to reach \$1.5 billion at completion in 2020. The actual cost spent to date has been \$985.2 million.

Owens Lake

Historically, the Owens River was the main source of water for Owens Lake. Diversion of water from the river, first by farmers in the Owens Valley and then by the City, resulted in the lake drying up. The exposed lakebed became a significant source of particulate matters of 10 micrometers or less in diameter (PM10), causing the EPA to classify the southern Owens Valley as a serious nonattainment area for PM10 in 1991. The EPA required the Great Basin Unified Air Pollution Control District (District) to prepare a State Implementation Plan (SIP) to bring the region into compliance with the federal Clean Air Act ambient air quality standards by 2006. In 1998, DWP and District entered into a Memorandum of Agreement (MOA) to mitigate PM10 emission from Owens Lake to bring the region into compliance.

**NOTE 5 – OTHER INFORMATION (Continued)**

In the intervening years, DWP has constructed facilities at the Lake in Phases responding to a series of supplemental control requirements. The facilities cover nearly 45 square mile area. In November 2014, DWP reached an agreement with the District. The agreement was memorialized in a stipulated judgment that provides several benefits to DWP, including provisions: (1) permitting the use of less water intensive and completely waterless measures to control dust at the lakebed, resulting in more water available for customer use; (2) limiting the City's liability for dust mitigation to no more than 53.4 square miles; (3) forming an Owens Lake Scientific Advisory Panel; (4) addressing the discovery of Native American artifacts on or around the lakebed; and (5) allowing dust control measures to be delayed without a penalty if more are discovered. In accordance with the agreement, the previous SIP was revised and calls for the region to be in compliance with the federal Clean Air Act by December 31, 2017.

DWP is currently constructing the Owens Lake Dust Mitigation Program – Phase 9/10 Project with a completion deadline of December 31, 2017. The Phase 9/10 Project entails mitigating dust emissions from an additional 3.62 square miles of Owens Lake playa through use of Gravel Blanket, Managed Vegetation and Shallow Flooding Best Available Control Measures. Upon completion of the Phase 9/10 Project, dust emissions from 48.6 square miles of Owens Lake playa would have been mitigated, resulting in 99% overall reduction in PM10 emissions. All improvements made to Owens Lake as part of pollution mitigation are recorded as Utility Plant in the year made.

**Sewer Enterprise Fund**

Certain claims and lawsuits are pending against Sewer for construction claims and other alleged liabilities arising during the ordinary course of operations. Sewer recognizes liabilities for claims and lawsuits when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The City Attorney estimates the amount of liabilities that are probable of occurring from these claims and lawsuits. For fiscal year 2017, \$22.1 million was accrued as claims payable.

**NOTE 5 – OTHER INFORMATION (Continued)****Commitments****Governmental Activities**

The City uses encumbrance accounting under which contracts and other commitments for expenditures are recorded to reserve applicable appropriations. Encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2017, the City's encumbrances totaled \$723.7 million of which \$156.8 million were contractual commitments for various capital projects. Below are details of encumbrances by fund categories (in thousands):

	Restricted	Committed	Assigned	Totals
General Fund	\$ --	\$ 6,844	\$ 174,784	\$ 181,628
Nonmajor Governmental Funds	414,253	127,789	--	542,042
	<u>\$ 414,253</u>	<u>\$ 134,633</u>	<u>\$ 174,784</u>	<u>\$ 723,670</u>

**Business-Type Activities**

As of June 30, 2017, the following Enterprise Funds have commitments for construction contracts and open purchase orders in the following approximate amounts (in thousands):

Airports	\$ 84,200
Harbor	26,000
Sewer	171,400
Power	41,137
Water	14,650
	<u>\$ 337,387</u>

**Harbor Enterprise Fund**

In 1985, Harbor received a parcel of land, with an estimated value of \$14.0 million, from the federal government, for the purpose of constructing a marina. Harbor has agreed to reimburse the federal government up to \$14.0 million from excess revenues, if any, generated from marina operations after Harbor has recovered all costs of construction. No such payment was made in fiscal year 2017.

**NOTE 5 – OTHER INFORMATION (Continued)**

## Power Enterprise Fund

Purchase Power Commitments

As of June 30, 2017, the Power has entered into a number of energy and transmission service contracts, which involve substantial commitments as follows (amounts in thousands):

	Agency	Agency Share (Percentage)	DWP's Interest in Agency Share		
			Interest (Percentage)	Capacity (Megawatts)	Outstanding Commitment **
Intermountain Power Project	IPA	100.0 %	64.5 %	1,161	\$ 542,498
Palo Verde Nuclear Generating Station	SCPPA	5.9	67.0	151	8,315
Mead-Adelanto Transmission Project	SCPPA	68.0	48.9	539	53,515
Mead-Phoenix transmission Project	SCPPA	17.8 - 22.4	50.4	647	28,111
Southern Transmission System	SCPPA	100.0	59.5	1,429	321,728
Milford I Wind	SCPPA	100.0	92.5	188	173,160
Windy Point	SCPPA	100.0	100.0	262 *	407,240
Linden Wind Energy	SCPPA	100.0	100.0	50 *	118,010
Milford II Wind	SCPPA	100.0	100.0	102 *	131,570
Apex Power Project	SCPPA	100.0	100.0	495	300,150
					<u>\$ 2,084,297</u>

\* Power will receive 100%, unless City of Glendale exercises its option to repurchase any of its contract output entitlement share.

\*\* Portion of purchased power commitment based upon related agency's bond principal not including interest requirements.

These long-term commitments extend through 2044.

IPA: The Intermountain Power Agency is an agency of the State of Utah established to own, acquire, construct, operate, maintain, and repair the Intermountain Power Project (IPP). Power serves as the Project Manager and Operating Agent of IPP.

SCPPA: The Southern California Public Power Authority, a California joint powers agency that finances the construction or acquisition of generation transmission, and renewable energy projects.

Power does not have ownership of any assets related to these service contracts. As costs are paid each year, they are recorded as purchase power expense. In addition to commitments noted above for debt service, Power is required to pay an average annual fixed charge of approximately \$283.0 million during each of the next five years for operating and maintenance costs relate to actual deliveries of energy under these agreements (averaging approximately \$755.0 million annually during each of the next five years). Power made a total payment under these agreements of approximately \$894.0 million in fiscal year 2017. These agreements are scheduled to expire from 2027 to 2044.

Power is reimbursed for services provided to IPP under the IPP project manager and operating agent agreements totaling \$30.0 million in fiscal year 2017.

**NOTE 5 – OTHER INFORMATION (Continued)**Long-term Notes Receivable

Under the terms of its purchase power agreement with IPA, DWP is charged for its output entitlements based on its share of IPA's costs, including debt service. During fiscal year 2000, DWP restructured a portion of this obligation by transferring \$1.1 billion to IPA in exchange for long-term notes receivable. The funds transferred were obtained from the debt reduction funds and through the issuance of new variable rate debentures. IPA used the proceeds from these transactions to defease and to tender bonds with par values of approximately \$618.0 million and \$611.0 million, respectively.

On September 7, 2000, DWP paid \$187.0 million to IPA in exchange for additional long-term notes receivable. IPA used the proceeds to defease bonds with a face value of \$198.0 million. On July 20, 2005, DWP paid \$97.0 million to IPA in exchange for additional long-term notes receivable. IPA used the proceeds to defease bonds with a face value of \$92.0 million.

The IPA notes are subordinate to all of IPA's publicly held debt obligations. Power's future payments to IPA will be partially offset by interest payments and principal maturities from the subordinated notes receivable. The net IPA notes receivable balance totaled \$595.0 million as of June 30, 2017. The IPA notes pay interest and principal monthly and mature on July 1, 2023. The interest rates range from 3.97% to 10.67%, subject to adjustments related to IPA bond refundings.

Energy Entitlement

DWP has a contract through 2067 with the U.S. Department of Energy for the purchase of available energy generated at the Hoover Power Plant. DWP's contractual share of contingent capacity at Hoover is 491 MW (maximum rated capability). The cost of power (approximately 455 MW of capacity and 599,000 MWH of energy) purchased under this contract, including the Lower Colorado River Basin Development Fund Contribution Charge, was approximately \$15.0 million as of June 30, 2017.

On December 20, 2011, President Barack Obama signed H.R. 470, the Hoover Power Allocation Act of 2011, into law. The legislation reallocates, for 50 more years, power from the Hoover Dam Power Plant to existing contractors while creating an additional pool of 5.0% power for new entrants.

DWP has entered into contracts with SCPPA to purchase available renewable energy generated at various renewable energy project sites.

**NOTE 5 – OTHER INFORMATION (Continued)**

As of June 30, 2017, the Power's energy entitlement contracts with SCPPA, which involves the annual costs for the power purchased, are as follows (in millions):

	Agency	Agency share	The Power's interest in agency's share		Cost of Power Purchased (In millions)
			Interest	Capacity (MWs)	
Pebble Springs Wind	SCPPA	100.0	69.6	68.7	\$ 9.1
Don A Campbell 1	SCPPA	100.0	84.6	13.7	14.0
Don A Campbell 2	SCPPA	100.0	100.0	16.2	13.7
Copper Mountain Solar 3	SCPPA	100.0	84.0	210.0	48.6
Heber-1 Geothermal	SCPPA	100.0	66.7	41.7	16.6
Springbok 1 Wind Farm	SCPPA	100.0	100.0	105.0	30.1
Springbok 2 Wind Farm	SCPPA	100.0	100.0	155.0	22.6
Total energy costs under entitlement agreements					<u>\$ 154.7</u>

**Transfers to the Reserve Fund of the City of Los Angeles**

Under the provisions of the City Charter, Power transfers funds at its discretion to the reserve fund of the City. Pursuant to covenants contained in the bond indentures, the transfers may not be in excess of the increase in net position before transfers to the reserve fund of the City of the prior fiscal year. Such payments are not in lieu of taxes and are recorded as a transfer in the Statements of Revenues, Expenses, and Changes in net position. DWP authorized total transfers of \$264.4 million in fiscal year 2017 from Power to the reserve fund of the City.

**Asset Retirement Obligations (ARO)**

In accordance with federal guidelines, Power has \$134.0 million in investments as of June 30, 2017 to fund its portion of the decommissioning of Palo Verde Nuclear Generating Station. As funds were collected through rates to finance this reserve, a decommissioning liability of \$153.0 million as of June 30, 2017 was recorded as an increase in accumulated depreciation. The difference between investments and the liability for the decommissioning represent accumulated increases in fair value. Additional decommissioning funds may be needed in the future to decommission the Navajo Generating Station and other utility plant assets.

The Power's current practice of recording asset retirement obligations as part of accumulated depreciation is consistent with industry practice. Next fiscal year, Power will adopt GASB Statement No. 83. This statement addresses accounting and financial reporting for certain AROs. An ARO is a legally enforceable liability associated with the retirement of a tangible asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability.

**La Kretz Innovative Campus**

Power has entered into a 50-year prepaid lease agreement for \$12.0 million to lease an office building to the La Kretz Innovative Campus (LKIC), a 501(c)3 nonprofit organization. LKIC prepaid the lease in fiscal year 2015 and the \$12.0 million is amortized to other nonoperating income starting February 2016. LKIC in turn leases some of the workspaces in the building to assist energy innovation companies with the resources needed to validate energy efficient technology. Power does have energy efficiency staff also located at the building to work with inventors and determine if there are new energy efficiency programs to launch.



**NOTE 5 – OTHER INFORMATION (Continued)**Credit Risk

Financial instruments, which potentially expose Power to concentrations of credit risk, consist primarily of retail and wholesale receivables. Power's retail customer base is concentrated among commercial, industrial, residential, and governmental customers located within the City. Although Power is directly affected by the City's economy, management does not believe significant credit risk exists at June 30, 2017, except as provided in the allowance for losses. Power manages its credit exposure by requiring credit enhancements from certain customers and through procedures designed to identify and monitor credit.

**Fire and Police Pension System**

Pensions has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately \$1.4 billion at June 30, 2017.

All members of Pensions who were active on or after July 1, 1982, have vested rights to their past contributions and accrued interest in the event of termination prior to retirement, except Tier 4 members. At June 30, 2017, the total amount subject to this right was \$1.9 billion. The City Charter and the Administrative Code provide that member contributions as of June 30 and December 31 of each year earn interest at a rate based on investment earnings, exclusive of gains and losses on principal resulting from sale of securities.

**Pensions Retiree Health Subsidy Freeze Litigation**

*Fry, et al. v. City of Los Angeles* (the "Fry Action") concerns the City's ordinance freezing the retiree health subsidy benefit by the City for those active Pensions members who retired or entered DROP on or after July 15, 2011, and who did not elect to contribute an extra 2% of their salary. At that time, approximately 30% of the active membership did not choose to contribute the extra 2% of salary. The petitioners sued the City and argued that the City's "freeze ordinance" illegally impaired their vested rights to a retiree health subsidy that would increase over time.

On July 28, 2014, the Court ruled that the petitioners have a vested right to a "non-frozen" health subsidy in retirement. The Court ruled that petitioners had a right to the Board exercising its discretion in setting the subsidy rate, but not a right to any particular amount of subsidy. However, the ruling did not address: 1) whether members who elected to contribute the additional 2% would be entitled to a refund, or 2) whether retirees who had to make up the difference in premiums in excess of the 2011 subsidy level would be entitled to a refund.

On September 5, 2014, the Los Angeles County Superior Court issued an official Writ restoring the Board's authority to provide the current "non-frozen" subsidy to pensioners who were impacted by the City's "freeze" ordinance. Accordingly, on the October 31<sup>st</sup> pension payments, Pensions provided the current "non-frozen" subsidy to pensioners who were impacted by the freeze. Subsequently, the City filed a Notice of Appeal on October 29, 2014, and a Verified Petition for Writ of Mandate and Request for Immediate Stay on November 3, 2014.

**NOTE 5 – OTHER INFORMATION (Continued)**

On November 12, 2014, the Court of Appeal granted a stay on the Writ issued by the trial court on September 5th. As a result of the stay, beginning with the November 30, 2014 pension payments, Pensions again provided a frozen subsidy to those pensioners and to any future retirees who did not elect to contribute the additional 2% of their salary.

On March 7, 2016, the California Second District Court of Appeal reversed the September 5, 2014 Writ of Mandate issued by the Los Angeles County Superior Court authorizing the Board “to exercise its discretion, previously delegated to it by the City in an ordinance, to set the maximum subsidy...without regard to later City ordinances ‘freezing’ the subsidy...” The Court of Appeal agreed with the City’s position that there was not a vested right to a Pensions Board-determined subsidy. The Court of Appeal found that the City Council continued to retain the final decision authority over the subsidy even while delegating to the Pensions Board determination of subsidy increases. On March 25, 2016, the Second Appellate Court denied the plaintiffs’ petition for rehearing.

On April 14, 2016, the plaintiffs filed a Petition for Review with the California Supreme Court, which was later denied in June 2016. The matter was remanded to the trial court to resolve the remaining issues in accordance with the Court of Appeal’s opinion. The trial court instructed the parties to complete a mandatory settlement conference by February 23, 2017. The two parties subsequently met as instructed and reached agreement on the remaining issues in early February 2017. The stipulations outlined in the settlement agreement were:

- Plaintiffs acknowledge that the Court of Appeal held that the City Council had the authority, under the City Charter, to enact the Freeze Ordinance and freeze the amount of the medical premium subsidy.
- The City acknowledges that the City Administrative Officer stated to the City Council and the Mayor that the "current retiree healthcare subsidy is a vested benefit, but the discretionary adjustment that increases the medical subsidy is not vested."
- The parties understand and agree that nothing in the Agreement shall be construed to preclude a party from proffering any evidence adduced in discovery in the Action in any future proceeding, subject to objections.
- The City also agreed to reimburse Plaintiffs in the amount of \$13,000 for litigation expenses. The settlement is considered a "no fault" settlement and the Plaintiffs release the City from liabilities, claims, and causes which relate to this action.

Based on this final ruling, the “freeze” ordinance stands and Pensions will continue to provide a frozen subsidy to current and future pensioners who chose not to contribute the additional 2% of their salaries.

In addition to the Fry Action, certain representative bargaining units filed a second action (the “LAPPL Action I”) that challenged what the additional 2% salary contribution guaranteed to members who make the contribution. Specifically, the Plaintiffs in the LAPPL Action sought confirmation that what the members were to receive for their additional contributions was the lesser of the medical trend rate or a 7% per annum increase in the subsidy, with no discretion reserved to the Board to grant anything lower.

**NOTE 5 – OTHER INFORMATION (Continued)**

In the LAPPL Action I, the trial court originally dismissed the action on February 11, 2013. The plaintiffs successfully appealed the adverse judgment, and the case was remanded to the trial court for further proceedings on the merits. On November 1, 2016, the trial court granted declaratory relief in favor of the plaintiffs, ruling that employees paying the additional 2% contributions had a vested right to receive the health subsidy in effect as of the effective date of the Letter of Agreement and annual health subsidy increases equal to the lesser of the medical trend rate or 7% without the Board's discretion to set the subsidy any lower. Before the trial court's ruling, LAFPP reached agreement to be dismissed from the lawsuit, but agreed to be bound by the final judgment of the courts, which includes the final judgment of the appellate courts.

The City appealed the trial court's ruling and the parties are currently briefing the matter on appeal. Because the second action is still pending on appeal, there is no final judgment from the courts, and consequently LAFPP continues to set and implement the retiree health insurance premium subsidy increases in the same manner as it did prior to the 2011 Freeze Ordinance, for members who opted-in to pay the 2% contribution. This means that Pensions continues to exercise its discretion provided under the Los Angeles Administrative Code to set the subsidy up to and including the medical trend rate or 7%, whichever is lower, until the courts render final judgment.

The LAPPL Action I does not seek monetary relief from Pensions.

While the LAPPL Action I is pending on appeal, the unions filed a third action ("LAPPL Action II"). In LAPPL Action II, the unions filed a writ petition seeking essentially the same relief as in their declaratory action in the LAPPL Action I. However, the LAPPL Action II also asserts a new breach of fiduciary duty claim, which preserves the unions' rights to challenge LAFPP's 2017 discretionary action to set the subsidy should the unions lose in the appellate proceeding in the LAPPL Action I. Given the similarities between the two LAPPL Actions and the dispositive effect of the first action on the second, the trial court has stayed the LAPPL Action II pending the final judgment of the LAPPL Action I.

**Los Angeles City Employees' Retirement System**

At June 30, 2017, LACERS was committed to future purchases of real estate and private equity investments at an aggregate cost of approximately \$1.2 billion.

**NOTE 5 – OTHER INFORMATION (Continued)****D. Third-Party Obligations**

The City participated in the issuance of the following indebtedness to provide financing to private-sector entities for the acquisition, construction and improvements of housing, commercial, educational, medical, and other facilities deemed to be in the public interest (in thousands):

Issue	Amount Outstanding June 30, 2017
Multifamily Housing Bonds - 100 Issues	\$ 666,679
Multifamily Housing Bonds transferred from CRA - 22 Issues	568,645
Home Mortgage Revenue Bonds	2,674
Bond proceeds were used to provide mortgage loans for the construction and financing of multi-family rental and single-family residences in the City. The indebtedness is secured solely by the property financed by the respective bond issues and by credit guarantees by reinvestment-grade financial institutions.	
Industrial Development Bonds - 9 Issues	68,425
The proceeds were used to provide manufacturers low cost financing to expand industrial capacity and stimulate job creation in the City. The City has no financial obligation as each bond is secured through a letter of agreement between the borrower and the bank.	
Community Facilities District No. 3 Special Tax Bonds	3,130
The proceeds were used to fund acquisition and construction of certain public improvements for the Cascade Business Park and Golf Course. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Community Facilities District No. 4 Special Tax Bonds	76,425
The proceeds were used to fund acquisition and construction of public improvements for the Playa Vista Development project. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Community Facilities District No. 8 Special Tax Bonds	5,780
The proceeds were used to fund acquisition and construction of public improvements for the Legends at Cascades Development. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Street Improvement Assessment 1911/1913 Act Bonds	742
The proceeds were used to finance certain public improvements for the Westwood Village Streetscape Assessment District. The City's obligation is limited to collecting the assessments annually levied for debt service payments.	
	\$ 1,392,500

The City is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the accompanying financial statements.

**NOTE 5 – OTHER INFORMATION (Continued)****E. Other Matters****Airports Enterprise Fund**Transfer of LA/ONT International Airport

The City, Airports, the Board, City of Ontario, and Ontario International Airport Authority (OIAA), a joint powers authority of the County of San Bernardino and the City of Ontario, entered into a settlement agreement (ONT Settlement Agreement) relating to litigation filed by the City of Ontario in June 2013 (Ontario Litigation) against the City, Airports, and the Board.

The ONT Settlement Agreement provides, generally, for: (I) the City to transfer, assign and deliver to OIAA the City's right, title and interest in and certain of the assets, properties, rights and interests solely used or held solely for use in connection with Airports' operation of ONT, including: (a) certain real property, improvements and equipment comprising ONT and certain surrounding parcels; (b) certain contractual or entitlement rights, comprised of leases, contracts, grant agreements and entitlements; (c) certain accounts receivable and cash remaining in the accounts of ONT after the (i) transfer of certain passenger facility charges, (ii) transfer of \$40.0 million from ONT accounts to other Airports non-ONT accounts, and (iii) use of the funds in the reserve fund established for the original \$90.2 million aggregate principal amount of ONT Refunding Revenue Bonds Series 2006A and Series 2006B (ONT Bonds) to discharge the outstanding ONT Bonds, all as provided in the ONT Settlement Agreement; (II) the development of a Staff Augmentation Agreement and Airports Employee Protection and Transition Plan; (III) termination and rescission of the joint powers agreement of the City and the City of Ontario; (IV) dismissal with prejudice of the Ontario Litigation and other related litigation; and (V) certain reimbursement payments and transfers of funds to Airports, including: (a) \$30.0 million from the City of Ontario to the City for the benefit of Airports to be used for the capital and operating expenses of the airport system owned and operated by Airports (other than ONT); (b) \$40.0 million from the unrestricted cash ONT accounts to other Airports non-ONT accounts (as described above) to be used for the capital and operating expenses of the airport system owned and operated by Airports (other than ONT); (c) \$120.0 million from OIAA to Airports, over a period of approximately 10 years and subject to certain conditions and limitations, including that a portion thereof may be paid by the transfer of certain previously collected passenger facility charges; and (d) funds from OIAA sufficient, together with amounts available in the applicable bond reserve fund, to cause the discharge of the ONT Bonds (as described above). The transactions contemplated by the ONT Settlement Agreement closed on November 1, 2016.

On June 20, 2016, the parties agreed to a Staff Augmentation Agreement (SAA). The SAA contemplated some Airports staff may remain at ONT for as long as 21 months after the closing. However, it provided the OIAA with the right to declare certain categories of employees redundant and return them to available employment with a City Department. OIAA has exercised that right on several occasions. Based on the ONT Settlement Agreement, the OIAA has made all scheduled payments to date. Airports has received \$30.0 million from the City of Ontario and \$40.0 million from the unrestricted cash ONT accounts. OIAA has also made the additional payment of \$50.0 million payment (with appropriate discount valued \$47.3 million). The outstanding receivable balance of the \$70.0 million (with appropriate discount valued \$64.9 million) was \$56.8 million as of June 30, 2017. As a result of the transfer of the ONT assets and liabilities to OIAA on November 1, 2016 as contemplated by the ONT Settlement Agreement, Airports recognized a loss of \$225.3 million on the disposal of ONT as a special item.

**NOTE 5 – OTHER INFORMATION (Continued)**Terminal Rates and Charges

On September 17, 2012, the Airports (Board) approved a methodology of calculating rates and charges for airlines and airline consortia using passenger terminals at LAX. The rates, which will recover the costs of acquiring, constructing, operating and maintaining terminal facilities, are as follows: terminal building rate, federal inspection services area (FIS) rate, common use holdroom rate, common use baggage claim rate, common use outbound baggage system rate, common use ticket counter rate, and terminal special charges for custodial services, outbound baggage system maintenance, terminal airline support systems, and loading bridge capital and maintenance.

The rates were effective January 1, 2013 to airlines and airline consortia (signatory airlines) agreeing to the methodology and executing a rate agreement with Airports. Agreements with signatory airlines terminate on December 31, 2022.

The rate agreement provides a Signatory Transitional Phase-in (STP) program that allows for reduced rates during the first five years of the implementation period. In addition, signatory airlines will share in the concession revenue derived from the terminals based on prescribed two-tiered formulas. Tier One Revenue Sharing had the effect of reducing the calculated terminal building rate (beginning calendar year 2014) and FIS rate (beginning calendar year 2016). Tier Two Revenue Sharing was first distributed for calendar year 2016 in fiscal year 2017.

Airlines with existing leases that opt not to sign an agreement under the methodology (non-signatory tenant airlines) will continue to pay rates and charges based on their current leases until they sign the rate agreement. Airlines with no existing leases that opt not to sign the rate agreement (non-signatory tariff airlines) are charged the tariff rates. Non-signatory airlines are not eligible to participate in the STP and revenue sharing programs.

Passenger Facility Charges (PFCs)

Passenger Facility Charges (PFCs) are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers. Both the fee and the intended projects are reviewed and approved by the Federal Aviation Administration (FAA). Airlines operating at LAX and ONT have been collecting PFCs on behalf of Airports. Due to the transfer of the ONT to OIAA on November 1, 2016 as contemplated by the ONT Settlement Agreement, the financial results reflected four months of PFCs activities for ONT from July 1, 2016 to October 31, 2016 in fiscal year 2017.

PFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. The current PFCs at LAX is \$4.50 per enplaned passenger. PFCs collection authorities approved by FAA are \$4.1 billion as of June 30, 2017. Airports has received approval from the FAA to collect and use PFCs to pay for debt service on bonds issued to finance the TBIT Renovations, Bradley West projects and Terminal 6 improvements. Board authorized \$118.0 million was used for debt service in fiscal year 2017.

PFCs collected and the related interest earnings through June 30, 2017 was \$2.7 billion. As of June 30, 2017, cumulative expenditures to date on approved PFCs projects totaled \$2.3 billion.

**NOTE 5 – OTHER INFORMATION (Continued)**Customer Facility Charges (CFCs)

In November 2001, the Board approved the collection of a state-authorized Customer Facility Charge (CFCs) from car rental agencies serving LAX and ONT. State law allows airports to collect a fee of \$10.00 per on-airport rental car agency transaction to fund the development of a consolidated car rental facility and common-use transportation system. CFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. CFCs collected and the related interest earnings through June 30, 2017 was \$344.2 million. Due to the transfer of the ONT to OIAA on November 1, 2016 as contemplated by the ONT Settlement Agreement, the financial results reflected four months of CFCs activities for ONT from July 1, 2016 to October 31, 2016 in fiscal year 2017. As of June 30, 2017, cumulative expenditures to date on approved CFCs projects totaled \$58.6 million.

Under Section 1939 of California Legislature, Airports can change the amount and basis for collecting a CFCs from the current \$10.00 per contract level to a maximum of \$9.00 per transaction day, up to a 5-day maximum. Also, changes made to the amount and basis for collecting the CFCs would have to be initiated by January 1, 2018 by submitting certain information to the State of California (State).

The Landside Access and Modernization Program (LAMP) included proposed landside projects at LAX including a future ConRAC, Intermodal Transportation Facilities (ITF), which may include pick-up and drop-off locations for commercial vehicles that currently access the Central Terminal Area (CTA) on adjacent roadways and parking facilities for passenger and employees; the Automated People Mover (APM) System, and certain parking projects. The proposed ConRAC would be located east of the CTA, and it may include a customer service building, a ready/return area, a vehicle storage area, quick-turnaround facilities, and an area for rental car customers to access and exit the APM system. Airports expects that the capital costs of a future ConRAC at LAX and portion of the APM system would be paid from annual CFCs revenues that are currently collected from on-airport rental car companies and remitted to Airports. Airports has initiated the State process to increase the CFCs rate charged at LAX.

**NOTE 5 – OTHER INFORMATION (Continued)****Harbor Enterprise Fund**Cash Funding of Reserve Fund

As of June 30, 2017, Harbor had \$969.3 million of outstanding parity bonds (including net unamortized premiums). Harbor holds cash reserves for each Indenture of the outstanding bonds as the BHC, on September 18, 2008, approved the full cash funding of the entire reserve requirement of \$61.5 million and transferred it to Harbor's bond trustee in December 2008. The cash funding of the reserve took place to reassure bond holders of the strong commitment of Harbor to its financial wherewithal as rating agencies had reduced the AAA ratings of the surety companies that had provided insurance for the bonds that Harbor had issued.

As of June 30, 2017, the balance in the Common Reserve fund totaled \$62.3 million. Any excess amounts in the Common Reserve resulting from principal repayments will be transferred to the interest fund and/or redemption fund to be used to pay interest and redeem bonds. The required amount for the reserve fund will be reevaluated on a yearly basis. The funds in the reserve are invested in the U.S. Treasury securities and money market funds.

Extraordinary Item

On September 22, 2014, a fire caused extensive damage to Berth 177-178 and to a portion of Berth 179. Harbor filed claims under its all-risk property insurance policy. Total insurance recovery of \$14.3 million was received by Harbor. During fiscal year 2017, Harbor received insurance recovery of \$9.2 million.

**Sewer Enterprise Fund**Revenue and Financial IssuesSewer Service Charge Revenues

DWP acts as the billing agent for the Sewer Service Charges (SSCs) assessed to customers who use the wastewater system. DWP transfers revenues to Sewer on a weekly basis, based on anticipated revenues. After the end of the month, a reconciliation between the transfers and the actual SSC revenues is made.

Budgeted SSC revenues for fiscal year 2017 were \$532.0 million, assuming a five percent reduction in indoor water use from the previous fiscal year due to water conservation in the continuing drought. Actual SSC collections in fiscal year 2017 were \$556.0 million, or 4.5% more than expected in the budget.

There was a 6.5 percent annual rate adjustment effective July 1, 2016, as discussed below. Billable sewage volume decreased by 1.3 percent in fiscal year 2017. This would seemingly reduce the increase in SSC collection over the same period to 5.2 percent. However, the SSC collections were actually increased by only 3.5 percent due to a reduction of the collection rate from 99.4 percent to 98.4 percent and corresponding increase in accounts receivable.



**NOTE 5 – OTHER INFORMATION (Continued)**

DWP transitioned to its new billing system in September 2013. As part of that transition, DWP encountered some problems with billings; for instance, the parameters for the system identifying if a water read was “too high” or “too low” were set too narrowly, resulting in some meter reads that were correct being replaced with an estimated read. While these billing issues were being resolved, DWP suspended the normal collections protocols. Certain customers who were not experiencing billing issues appear to have taken advantage of this suspension and have fallen in arrears with their payments. DWP has returned to their collections protocols, which involve notifying customers of past due amounts, sending a final notice, and turning off power or water service. DWP has been carrying uncollectable SSC receivables arising from the transition to the new billing system, but is waiting to write-off the receivables until a pending settlement of a class action lawsuit related to the transition is approved to move forward. At this time, the potential liability of the lawsuit to the Sewer Enterprise Fund is unknown.

**Sewerage Facilities Charge Credit**

Effective April 6, 2012, the City Council and Mayor authorized credits of past Sewerage Facilities Charges (SFCs) paid by Significant Industrial Users (SIUs) to offset Quality Surcharge Fees (QSFs) paid by the customers. It is anticipated that a small number of SIUs are eligible for this program. Granting of a credit will reduce the amount of wastewater an SIU is allowed to discharge, allowing that capacity to be used by other customers who will be required to pay the SFCs. No credits were given in fiscal year 2017 and none are expected in fiscal year 2018. Until all of the SIUs have been evaluated, the extent that QSF revenue will be reduced due to future credits is unknown.

**Receipt of Disaster Grant Reimbursements from the 1994 Northridge Earthquake**

On January 17, 1994, a 6.8 magnitude earthquake centered in Northridge, California, caused widespread damage to commercial and residential structures. Since the Northridge earthquake, Sewer has systemically made repairs to its wastewater facilities that were damaged. Much of this work is eligible for reimbursement from the Federal Emergency Management Agency (FEMA) and the California Emergency Management Agency (CalEMA), now the California Office of Emergency Services (CalOES).

During fiscal year 2009, Sewer was informed of a de-obligation of the City’s FEMA Northridge earthquake grant in the amount of \$35.7 million to offset a portion of the \$75.0 million advance from FEMA received by the City immediately after the Northridge earthquake. The advance was used for earthquake related costs incurred by various City Council controlled departments. The de-obligation may result in FEMA and CalOES withholding Sewer’s outstanding grant receivables. On June 23, 2017, the Office of the City Administrative Officer (CAO) transferred \$27.5 million from the Disaster Trust Fund to the Sewer. Of this amount \$10.8 million was paid by the State, while the remaining \$16.7 million was from FEMA. The CAO will focus on the final closeout and payment in fiscal year 2018.

**Contract Agencies**

The City has entered into universal terms agreements with twenty contract agencies for which the City provides wastewater treatment services. Billings for a fiscal year are estimated based on the City’s budgeted costs and the agencies’ projected wastewater flow and strength. After the close of the fiscal year, these bills are then reconciled based on actual costs, flows and strengths. Revenues from the estimated and reconciliation bills were \$0.6 million more than projected.

**NOTE 5 – OTHER INFORMATION (Continued)**

Reconciliation bills for service in fiscal year 2017 have not been completed at this time, so the City does not have sufficient data to determine if there is a likelihood of reconciliation amounts that would have a material impact to the Sewer in fiscal year 2018. The reconciliation bills will include interest for late payment by agencies.

Disagreements over flow and strength measurements of the City of Burbank's wastewater will soon be addressed with the joint hiring of a consultant to investigate the differences. The consultant has begun gathering data, but does not anticipate completing its work until the end of 2017. Potential reasons for the flow and strength differences include errors in the measuring devices, inaccurate calibration of the devices, and a net flow equation that does not reflect a representative flow calculation. The City has sent invoices to Burbank for fiscal years 2010 to 2016 with unpaid balances and estimated billings totaling approximately \$28.5 million. Burbank has rejected the invoices until the disagreements can be resolved. The fiscal year 2018 budget included Burbank's payment of \$12.5 million of the unpaid balances during the fiscal year. The consultant's study will not be completed in time for Burbank to pay the \$11.3 million in fiscal year 2017. At this time, there is no sufficient data to determine the longer-term impact to Sewer.

**Future Pension and Healthcare Costs**

The Los Angeles Bureau of Sanitation (LASAN) has been informed by the CAO to plan for substantial increases to the wastewater program's healthcare costs over the next few years, while projected pension costs have stabilized. LASAN's current financial projections have been modified to include these increases. However, if the increases are larger than the amounts projected by the CAO, there could be material impact to Sewer.

**Front-funded Programs**

In 2005, City entered into a memorandum of understanding with the Los Angeles Regional Water Quality Control Board (LARWQCB) to regulate Onsite Wastewater Treatment Systems. During the time that the City has been developing this program, it has been front-funded by Sewer. The costs incurred as of June 30, 2017 were \$3.8 million. When the ordinance governing this program is adopted, a schedule of fees will be included. These fees will be required to recover the past program costs as well as the ongoing operational costs of the program in order to remain in compliance with Proposition 218. At this time it is unknown how long it may take for Sewer to fully recover these costs.

**Pending Construction Issues with Collection System Projects**

Certain construction projects have pending construction issues that could exceed the project budgets. The City was successful in settling several claims with the Slauson Compton Sewer Rehabilitation contractor over delays attributable to the prolonged submittals and reviews of the traffic control plans. Ongoing efforts are taken to resolve these issues as the construction progresses. The rehabilitation of the junction structure at the intersection of Slauson and Van Ness has started in 2017 and encountered several unforeseen conditions which will increase construction costs but the City believes it can resolve these issues without significantly impacting the project budget.

**NOTE 5 – OTHER INFORMATION (Continued)**Regulatory and Legal Issues

## Total Maximum Daily Loads (TMDLs)

The USEPA and the LARWQCB are required to develop TMDLs for impaired water bodies. Various watersheds in the Los Angeles area have water body segments that are listed as impaired due to a variety of pollutants. Although 22 TMDLs have already been adopted, additional TMDLs will be under development and compliance with both existing and new TMDLs will continue into the next decade. At this time, it is difficult to predict the full impact of TMDLs on the National Pollutant Discharge Elimination System (NPDES) effluent limits at the City's four water reclamation plants. In addition, the proposed Greater Los Angeles County Municipal Separate Stormwater Sewer Systems (MS4) permit, adopted by the LARWQCB in November 2012, contains provisions that require compliance with all the adopted TMDLs. It is expected that significant capital improvements funded by Sewer may be required to comply with the TMDLs and their resulting impact on the City's NPDES permits.

These TMDLs have resulted in seventeen discharge limits in the City's NPDES permits. The discharge limits are for DDT and PCB's for the Hyperion Water Reclamation Plant (HWRP) NPDES permit; Ammonia, Nitrate/Nitrite, Cadmium (wet weather), Copper, Lead, Zinc (wet weather), and E. Coli for the LA-Glendale & DC Tillman Water Reclamation Plant NPDES permit; and Copper, Lead, Zinc, PAH' s, DDT, and PCBs for the Terminal Island Water Reclamation plant (TIWRP) NPDES permit. It is expected that significant capital improvements funded by Sewer may be required to comply with the TMDLs and their resulting impact on the City's NPDES permits.

## NPDES Permits

The LARWQCB adopted new NPDES permits for the HWRP on February 2, 2017. The new permit became effective on April 1, 2017 and imposes a new ammonia limit on the effluent discharge. HWRP may have difficulty meeting this limit in the future, if ammonia concentrations continue to increase due to water conservation efforts and persistent drought conditions. Potential remedies include providing sidestream treatment to reduce ammonia in the effluent at an estimated capital cost of \$40.0 million to \$50.0 million.

The LARWQCB adopted a new NPDES permit for the TIWRP on June 11, 2015 and became effective on December 1, 2015. The Permit enforces the LARWQCB's Resolution No. 94-009 (adopted October 31, 1994), which approved the City's proposal to: 1) ultimately phase out the discharge of tertiary treated wastewater effluent from the TIWRP into the Los Angeles Harbor at the earliest practicable date; and 2) to implement a Water Recycling Program with the goal of doubling water reuse at TIWRP within six years after the startup of the initial reclamation phase, and achieving total reuse by 2020.

To implement Resolution 94-009, the City has been constructing the Harbor Water Recycling Project in phases. Phase I treated up to 6 million gallons per day (mgd) of TIWRP's tertiary treated effluent by microfiltration and reverse osmosis at the Advanced Water Purification Facility (AWPF) for reuse at the Dominguez Gap Seawater Intrusion Barrier Project, and for other various non-potable uses in the Los Angeles Harbor area. Phase II of the A WPF project was completed in FY 2016-17 and will increase production of advanced purified recycled water to 12 mgd once regulators approve the expansion and contracts with customers are completed. The LARWQCB amended and adopted the Waste Discharge Requirements and Water Recycling Requirements (Order No.R4-2016-0334) and approved Phase II of the HWRP Dominguez Gap Barrier Project on October 13, 2016 to increase of capacity to 12 mgd.

**NOTE 5 – OTHER INFORMATION (Continued)****Wastewater Spill**

On July 5, 2016, a sinkhole was discovered on the sixty-inch North Outfall Sewer near the intersection of 6th Street and Mission Road. Another sinkhole was discovered on July 11, 2016 approximately 530 feet downstream of the first sinkhole. Then, on July 18, 2016, the sewer experienced a catastrophic failure that resulted in a discharge of approximately 2.6 million gallons of sewage. Since the first incident, stabilization of the pipe was completed at an approximate cost of \$4.8 million, including construction management costs. The damaged sixty-inch pipe was replaced subsequently in two phases. Expedited design plans were prepared for these repairs and contractor cost proposals received and evaluated in accordance with the established Emergency Sewer Repair Program procedures. The Phase I and Phase II Repair Projects abandoned approximately 500 linear feet of existing pipe, replaced approximately 366 linear feet of existing pipe, and installed approximately 410 linear feet of new sixty-three-inch pipe on a new alignment. The new pipe has been in service since June 2017. Remaining street and jobsite restoration work was completed in September 2017. Final construction cost for both Phase I and Phase II work is not expected to exceed the construction budget of \$19.5 million. The wastewater spill is expected to result in regulatory fines of up to \$2.0 million.

**Fire and Police Pension System Donations**

From 1999 to 2002, Pensions received donations of non-voting common stock of non-public corporations, pursuant to repurchase agreements between Pensions and the donors, structured entirely by the donors' tax advisers. Under the terms of the agreements, Pensions, although the owner of the donated common stock, acknowledged that: the non-voting common shares have not been registered under the Federal Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968; that no public market exists with respect to the non-voting common shares; and that the common shares are subject to a right of first refusal prohibiting Pensions from selling or otherwise disposing of any common shares without first offering to sell them to the donor. The shares are recorded at carry and fair values of zero for the following reasons: (1) there is no public market for the shares, (2) Pensions does not have the right to sell or otherwise dispose of the shares until the agreed upon future date, and (3) the shares were received as a donation for no consideration. Donation income is only recorded if cash dividends are received from the stock while in the possession of Pensions or when the stock is sold.

In fiscal year ended June 30, 2005, Pensions was informed that the Internal Revenue Service is disputing the tax treatment claimed by the donors in connection with these donations of stock. There have been no allegations of inappropriate activity by Pensions. The last donation of private equity accepted by Pensions was in 2002. Pensions has sold or returned the majority of donated private equity since August 2005. Pensions sold the remaining donated stocks in February 2017 for a total of \$21.2 million and received cash of \$10.3 million and promissory notes of \$10.9 million.

**NOTE 5 – OTHER INFORMATION (Continued)****F. CRA/LA, a Designated Local Authority and Successor Agency for the former Community Redevelopment Agency (Former Agency) and Related Contingencies**

The enactment in June 2011 of the Assembly Bill 1X26 (Dissolution Act) resulted in the dissolution of all redevelopment agencies as of February 1, 2012. To help facilitate the winding down process, Successor Agencies have been established to manage redevelopment projects currently underway, make payments on enforceable obligations, and dispose of redevelopment assets and properties. On February 3, 2012, Governor Brown appointed three Los Angeles County residents as the governing board of CRA/LA-Designated Local Authority (CRA/LA), successor agency of the former agency.

On January 25, 2012, the City Council adopted a resolution wherein the City elected to opt-in as the Housing Successor Agency and designated the Housing and Community Investment Department (HCIDLA) as the City's representative in carrying out the housing functions and responsibilities of the Former Agency.

Housing Assets Transfer

On March 22, 2011, Council authorized the transfer of 74 properties from the Former Agency to the City, in connection with the implementation of a Cooperation Agreement (C.F. 11-0086-S1). Since some properties have more than one assessor parcel number (APN), the City Attorney reviewed the Council Motion and identified 130 parcels based on their discrete APN. As of February 1, 2012, 52 grant deeds, including 106 parcels, with historical cost of \$93.4 million were transferred from the Former Agency to the City.

The City elected to retain the housing functions and responsibilities previously performed by the Former Agency. Pursuant to H&SC Section 34176 (a) (2), the Housing Asset Transfer Schedule (HATS) prepared by CRA/LA staff was submitted by the City's HCIDLA to State Department of Finance (DOF) on August 1, 2012. DOF issued its final determination letters on March 27, 2013 and July 12, 2013, granting approval of most of the housing assets listed on HATS. Effective May 1, 2013, CRA/LA's housing assets including loans receivable, land held for redevelopment and land inventory unspent housing bond proceeds and functions were assumed by HCIDLA.

In accordance with H&SC section 34176 (g)(1)(A), the Housing Successor is allowed to use or commit unspent housing bond proceeds for the purpose of affordable housing. DOF has advised the Housing Successor that, if it agrees to assume the obligations of the CRA/LA with respect to ensuring compliance with bond covenants and redevelopment objectives, it may drawdown the unspent bond proceeds in lump sum. In fiscal year 2017, \$1.8 million was the outstanding unspent housing bond proceeds listed on the Recognized Obligation Payment Schedule (ROPS) for distribution.

**NOTE 5 – OTHER INFORMATION (Continued)**Other Loans from the City

At June 30, 2017, the federally funded loans from the City to the Former Agency amounted to \$1.5 million. These loans will be repaid from available sources including tax increment. AB 1X26 acknowledges that payments to the federal government are enforceable obligations and such contracts were not invalidated. In its determination letter dated December 26, 2012 DOF approved the affected ROPS line items and authorized the repayment of the obligation through the Redevelopment Property Tax Trust Fund (RPTTF). Future ROPS will include interest payments for the remaining outstanding loan, with a final payment of principal and interest due upon maturity in 2021.

Transfer of Properties for Government Use

Pursuant to H&SC Section 34191, the Successor Agency must prepare a “Long-Range Property Management Plan” (LRPMP) that addresses the disposition and use of the real properties of the former redevelopment agencies. The report must be submitted to the Oversight Board and DOF for approval. The LRPMP must include an inventory of all properties in the Community Redevelopment Property Trust Fund, the repository of all real properties of the former redevelopment agency, and a proposal for how to use or dispose of each property. The LRPMP shall separately identify and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

On February 27, 2014, DOF approved the transfer from CRA/LA to the City of 31 real property interests, including 7 public parks, 14 public rights of way and parcel remnants, 2 government facilities and 8 access and use easements. In addition, the transfer of 4 real property interest representing approximately 5.6 million square feet of Transferable Floor Area Ratio development rights may become available for transfer to the City upon DOF approval. All received properties will be encumbered with restrictions that require that the properties continue to be used for government purposes in perpetuity, and will be conveyed by grant deed, quitclaim or easement transfer (Transfer Documents) at no cost to the City. On May 6, 2014, the City Council and Mayor approved actions to assume ownership of the 35 real property interests for Government Use (C.F. 13-1482). As of June 30, 2017, properties transferred to the City net of certain real properties sold totaled \$111.9 million.

Transfer of Excess CRA/LA Non-Housing Bond Proceeds

In accordance with H&SC section 34191.4, remaining bond proceeds that cannot be spent in a manner consistent with the bond covenants will be used to defease the bonds or purchase those same bonds on the open market. CRA/LA has identified excess non-housing bond proceeds available in the amount of \$86.4 million, net of enforceable obligations and administrative fees. The City has requested to utilize CRA/LA's excess non-housing bond proceeds for redevelopment activities. CRA/LA's Governing Board and the Oversight Board approved a Bond Expenditure Agreement (BEA) with the City on November 6, 2014 and November 13, 2014, respectively. The BEA authorizes the listing of the agreement as an enforceable obligation on ROPS 14-15B and the transfer of the excess non-housing bond proceeds. On November 4, 2014, DOF partially approved the BEA and authorized the transfer of \$84.1 million after identifying \$2.3 million from bonds no longer outstanding and the bond covenants no longer exist. The City recognized a liability for Excess Bond Proceeds for the \$82.2 million at June 30, 2017.

**NOTE 5 – OTHER INFORMATION (Continued)****G. Subsequent Events****Indebtedness**

Subsequent to June 30, 2017, the City issued the following indebtedness:

Issue Date	Description	Amount (in millions)	Interest Rate (Percentage)
July 13, 2017	General Obligation Bonds 2017 Series A	\$ 86,370	1.470 - 3.500 %
July 13, 2017	General Obligation Bonds 2017 Series B	81,895	5.000
July 26, 2017	Airport Revenue Bonds 2017 Series A	260,610	5.000
July 26, 2017	Airport Revenue Bonds 2017 Series B	88,730	5.000
July 13, 2017	Power System Revenue Bonds, 2017 Series C	375,000	3.000 - 5.000

On July 13, 2017, the City issued General Obligation Bonds (GOB) Series 2017-A Prop HHH Construction Fund for \$86.4 million, for the purpose of providing safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, senior, foster youth, and the disabled, and providing facilities to increase access to mental health care, drug and alcohol treatment and other services, as authorized by over two-thirds of all of the qualified votes at the special election on November 8, 2016.

On July 13, 2017, the City issued General Obligation Bonds Series 2017-B for \$81.9 million to refund GOB Series 2005-B, 2006-A and 2008-A.

**Airports Enterprise Fund**

On July 26, 2017, Airports issued LAX subordinate revenue bonds 2017 Series A of \$260.6 million, and 2017 Series B of \$88.7 million. The premium for these issuances totaled \$54.6 million. The bonds were issued to pay and/or reimburse for capital expenditures at LAX.

On August 25, 2017, the Board authorized a three-year letter of credit (LOC) agreement providing total of \$500.0 million principal amount of credit to support LAX's commercial paper program with the following institutions: Sumitomo Mitsui Banking Corporation for \$200.0 million, Wells Fargo Bank for \$200.0 million, and Barclays Bank PLC for \$100.0 million.

On September 20, 2017, the Board authorized issuance of LAX revenue bonds, notes or other obligations, in one or more series in an aggregate amount not to exceed \$2.2 billion through fiscal year 2022 to pay for projected capital projects at LAX and to refund outstanding bonds for debt service savings.

On October 5, 2017, the Board authorized a third amendment to the Terminal Commercial Management Concession Agreement with Westfield Airports, LLC (Westfield) at LAX to add up to 30,000 square feet of concession space in the Midfield Satellite Concourse to the premises and generate a minimum of \$6.4 million concession revenue per year and approximately \$76.8 million in additional concession revenue over the term of the contract.

**NOTE 5 – OTHER INFORMATION (Continued)**

On October 5, 2017, the Board authorized collection of an updated CFC to fund costs of a consolidated rental car facility (ConRAC) and its share of a common-use transportation system (CTS) at LAX (Projects) pursuant to California Government Code Section 50474.3. The Board authorized the collection of a CFC of \$7.50 per day for the first five days of each car rental contract, effective December 1, 2017, by rental car companies serving LAX. The Board authorized an increase in the CFC daily rate to \$9.00 per day for the first five days of each car rental contract, effective the first day of the month following the commencement of rental car services to the public in the ConRAC, or such other earlier day if the Board determines that it is the best interest of the Projects to collect the increased CFC daily rate of \$9.00 earlier.

On November 2, 2017, the Board authorized the appropriation of funds in the amount of \$270.0 million to acquire terminal improvements contemplated in the Terminal Facility Lease and License Agreement with Delta Air Lines, Inc. for space in Terminals 2 and 3 at LAX to facilitate construction of enhancements to Terminals 2 and 3.

On January 18, 2018, the Board authorized to award a two-phase design-build contract to Austin Commercial, LP for an amount not to exceed \$336.5 million for comprehensive engineering, design, demolition, preconstruction and construction services for the Terminal Cores and Automated People Mover Interface Project at LAX.

**Power Enterprise Fund**

In July 2017, Power issued \$375.0 million of Power System Revenue Bonds, 2017 Series C. The net proceeds of \$444.3 million, including a \$69.3 million issue premium net of underwriter's discount, were deposited into the construction fund to be used for capital improvements.

On November 28, 2017, the Board of Water and Power Commissioner approved a resolution agreeing to the adoption of an ordinance to transfer \$241.8 million from the Power Revenue Fund to the reserve fund of the City of Los Angeles during fiscal year 2018.

**Los Angeles City Employees' Retirement System (LACERS)**

In November 2016, voters approved a ballot measure resulting in approximately 500 sworn Airport peace officers provided an election to opt-out of LACERS and transfer to Pensions as Tier 6 member.

On March 28, 2017, the City Council adopted an ordinance (No. 184853) to amend the Los Angeles Administrative Code authorizing certain sworn Airport Peace Officers (APO) at LACERS to elect to transfer into Tier 6 of Pensions or to remain at LACERS. All new APO hired after that date would be enrolled in Pensions Tier 6. Under the ordinance, APO members who elect to remain in LACERS would be Tier 1 members, and be eligible for enhanced benefits including more favorable disability benefits, death benefits, and a higher retirement factor of 2.30% (versus 2.16% for all other Tier 1 members), contingent upon mandatory additional contribution payment of \$5,700 per remaining members to LACERS. The enhanced benefits will not be effective until January 7, 2018.

The final count as of January 7, 2018 was 42 members have transferred to Pensions, and 503 members remain at LACERS.



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## **Required Supplementary Information**

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City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION  
Fiscal Year Ended June 30, 2017

(Unaudited)

Los Angeles Fire and Police Pension System

Benefit Pension Plan

Schedule of Employer Contributions  
(in thousands)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered - Employee Payroll	Contribution as Percentage of Covered Payroll <sup>(2)</sup>
2017	\$ 454,309	\$ 454,309	\$ --	\$ 1,397,245	32.5%
2016	478,385	478,385	--	1,351,788	35.4%
2015	480,332	480,332	--	1,316,969	36.5%
2014	440,698	440,698	--	1,308,149	33.7%
2013	375,448	375,448	--	1,277,031	29.4%
2012	321,593	321,593	--	1,213,396	26.5%
2011	277,092	277,092	--	1,289,857	21.5%
2010	250,517	250,517	--	1,266,312	19.8%
2009	238,698	238,698	--	1,253,659	19.0%
2008 <sup>(1)</sup>	261,635	261,635	--	1,188,972	22.0%

<sup>(1)</sup> Figures include amounts transferred and contributed during the fiscal year that were related to the transfer of certain Harbor Port Police members from Los Angeles City Employees' Retirement System.

<sup>(2)</sup> Contribution rate as a percentage of covered payroll reflects discount applied when the employer prepays its contribution. This rate has been "backed" into by dividing the actual contributions by the budgeted covered payroll.

Los Angeles City Employees' Retirement System

Benefit Pension Plan

Schedule of Employer Contributions  
(in thousands)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered - Employee Payroll	Contribution as Percentage of Covered Payroll
2017	\$ 453,356	\$ 453,356	\$ --	\$ 1,973,049	23.0%
2016	440,546	440,546	--	1,876,946	23.5%
2015	381,141	381,141	--	1,835,637	20.8%
2014	357,649	357,649	--	1,802,931	19.8%
2013	346,181	346,181	--	1,736,113	19.9%
2012	308,540	308,540	--	1,715,197	18.0%
2011	303,561	303,561	--	1,678,059	18.1%
2010	258,643	258,643	--	1,827,864	14.2%
2009	274,555	274,555	--	1,832,796	15.0%
2008	288,119	288,119	--	1,741,850	16.5%

Water and Power Employees' Retirement Plan

Benefit Pension Plan

Schedule of Employer Contributions  
(in thousands)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered - Employee Payroll	Contribution as Percentage of Covered Payroll
2017	\$ 403,780	\$ 391,717	\$ 12,063	\$ 892,332	43.9%
2016	368,600	362,360	6,240	861,819	42.0%
2015	387,465	376,902	10,563	839,213	44.9%
2014	387,824	384,266	3,558	819,924	46.9%
2013	376,668	368,426	8,241	817,421	45.1%
2012	336,875	321,689	15,186	805,607	39.9%
2011	304,432	286,699	17,733	791,760	36.2%
2010	200,578	201,035	(457)	767,912	26.2%
2009	141,292	145,941	(4,650)	696,704	20.9%
2008	134,651	141,862	(7,211)	623,675	22.7%

**City of Los Angeles**

**REQUIRED SUPPLEMENTARY INFORMATION  
Fiscal Year Ended June 30, 2017**

**(Unaudited)**

**Los Angeles Fire and Police Pension System  
Schedule of Changes in Net Pension Liability and Related Ratios \*  
(amounts in thousands)**

	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>			
Service cost	\$ 365,955	\$ 368,700	\$ 368,018
Interest	1,399,576	1,384,527	1,392,552
Benefit payments, including refunds of member contributions	(990,363)	(918,909)	(858,986)
Experience losses (gains)	(595,188)	(310,882)	(234,638)
Assumption changes	--	-	(69,482)
Net change in total pension liability	179,980	523,436	597,464
Total pension liability at beginning of year	19,385,428	18,861,992	18,264,528
Total pension liability at end of year (a)	<u>\$ 19,565,408</u>	<u>\$ 19,385,428</u>	<u>\$ 18,861,992</u>
<b>Fiduciary net position</b>			
Employer contributions	\$ 478,385	\$ 480,332	\$ 440,698
Member contributions	129,734	126,771	124,395
Net investment income	159,313	686,470	2,617,090
Benefit payments, including refunds of member contributions	(990,363)	(918,909)	(858,986)
Administrative expenses	(19,346)	(17,815)	(13,865)
Net change (gain)	(242,277)	356,849	2,309,332
Fiduciary net position at beginning of year	17,346,554	16,989,705	14,680,373
Fiduciary net position at end of year (b) <sup>(1)</sup>	<u>\$ 17,104,277</u>	<u>\$ 17,346,554</u>	<u>\$ 16,989,705</u>
Net pension liability (a) - (b)	<u>\$ 2,461,131</u>	<u>\$ 2,038,874</u>	<u>\$ 1,872,287</u>
<b>Fiduciary net position as a percentage of</b>			
the total pension liability	87.42%	89.48%	90.07%
Covered payroll	\$ 1,351,788	\$ 1,316,969	\$ 1,308,149
Net pension liability as a percentage of covered payroll	182.06%	154.82%	143.13%

<sup>(1)</sup> Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

\* based on measurement periods

Details of changes in assumption could be obtained from the actuarial valuation reports.

This schedule is presented for those years for which information is available.

**City of Los Angeles**

**REQUIRED SUPPLEMENTARY INFORMATION  
Fiscal Year Ended June 30, 2017**

**(Unaudited)**

**Los Angeles City Employees' Retirement System  
Schedule of Changes in Net Pension Liability and Related Ratios <sup>(1) \*</sup>**  
(amounts in thousands)

	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>			
Service cost	\$ 322,574	\$ 322,380	\$ 317,185
Interest	1,263,556	1,215,151	1,149,966
Benefit payments, including refunds of Member contributions	(770,317)	(740,567)	(721,153)
Experience gains	(300,813)	(135,821)	(164,247)
Assumption Changes	--	-	785,439
Net change in total pension liability	515,000	661,143	1,367,190
Total pension liability at beginning of year	16,909,996	16,248,853	14,881,663
Total pension liability at end of year (a)	<u>\$ 17,424,996</u>	<u>\$ 16,909,996</u>	<u>\$ 16,248,853</u>
<b>Fiduciary net position</b>			
Employer contributions	\$ 440,546	\$ 381,141	\$ 357,649
Member contributions	206,377	202,463	203,975
Net investment income	29,358	306,980	1,810,782
Benefit payments, including refunds of Member contributions	(770,318)	(740,567)	(721,153)
Administrative expenses	(17,204)	(15,860)	(12,372)
Other (Transfer to Larger Annuity Reserve) <sup>(2)</sup>	--	(4,666)	(2,288)
Net change	(111,241)	129,491	1,636,593
Fiduciary net position at beginning of year	11,920,570	11,791,079	10,154,486
Fiduciary net position at end of year (b)	<u>\$ 11,809,329</u>	<u>\$ 11,920,570</u>	<u>\$ 11,791,079</u>
Net pension liability (a) - (b)	<u>\$ 5,615,667</u>	<u>\$ 4,989,426</u>	<u>\$ 4,457,774</u>
Fiduciary net position as a percentage of the total pension liability (b) / (a)	67.77%	70.49%	72.60%
Covered payroll	\$ 1,876,946	\$ 1,835,637	\$ 1,802,930
Net pension liability as a percentage of covered payroll	299.19%	271.81%	247.25%

<sup>(1)</sup> In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with Family Death, and Larger Annuity Benefits.

<sup>(2)</sup> On July 1, 2015, LACERS segregated members' voluntary larger annuity contributions into the (non-pension related) Reserve for Larger Annuity Contributions pursuant to a suggestion made by the actuarial consultant. The Reserve balance for Larger Annuity Contributions as of June 30, 2015 was \$5.2 million.

Changes of Assumptions: The June 30, 2014 calculations reflected various assumption changes based on the triennial experience study for the period from July 1, 2011 through June 30, 2014. The increase of total pension liability for fiscal year ended on June 30, 2014 primarily is due to the lowered assumed investment rate of return from 7.75% to 7.50%, and longer assumed life expectancies for members and beneficiaries.

\* based on measurement periods

This schedule is presented for those years for which information is available.

City of Los Angeles

**REQUIRED SUPPLEMENTARY INFORMATION**  
Fiscal Year Ended June 30, 2017

(Unaudited)

Water and Power Employees' Retirement Plan  
Schedule of Changes in Net Pension Liability and Related Ratios \*  
(amounts in thousands)

	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability			
Service cost	\$ 209,832	\$ 214,735	\$ 193,661
Interest	837,977	821,048	779,397
Benefit payments, including refunds of member contributions	(510,485)	(485,967)	(463,597)
Change of benefit terms	--	(144,008)	--
Experience losses (gains)	(189,469)	(162,913)	(154,222)
Assumption changes	722,928	--	525,444
Net change in total pension liability	1,070,783	242,895	880,683
Total pension liability at beginning of year	11,218,446	10,975,551	10,094,868
Total pension liability at end of year (a)	<u>\$ 12,289,229</u>	<u>\$ 11,218,446</u>	<u>\$ 10,975,551</u>
Fiduciary net position			
Employer contributions	\$ 368,259	\$ 382,232	\$ 389,138
Member contributions	75,069	68,552	72,300
Net investment income	95,808	410,778	1,405,686
Benefit payments, including refunds of member contributions	(510,485)	(485,967)	(463,597)
Administrative expenses	(5,108)	(4,612)	(4,221)
Net change (gain)	23,543	370,983	1,399,306
Fiduciary net position at beginning of year	10,074,300	9,703,317	8,304,011
Fiduciary net position at end of year (b)	<u>\$ 10,097,843</u>	<u>\$ 10,074,300</u>	<u>\$ 9,703,317</u>
Net pension liability (a) - (b)	<u>\$ 2,191,386</u>	<u>\$ 1,144,146</u>	<u>\$ 1,272,234</u>
Fiduciary net position as a percentage of the total pension liability	82.17%	89.80%	88.41%
Covered payroll	\$ 861,819	\$ 839,213	\$ 819,924
Net pension liability as a percentage of covered payroll	254.27%	136.34%	155.16%

\* based on measurement periods

Details of changes in assumption could be obtained from the actuarial valuation reports.

This schedule is presented for those years for which information is available.

**City of Los Angeles**

**REQUIRED SUPPLEMENTARY INFORMATION  
Fiscal Year Ended June 30, 2017  
(Unaudited)**

**Actuarial Methods and Assumptions Used to Determine Employer Contribution Rates**

	<b>Los Angeles Fire and Police Pension System</b>	<b>Los Angeles City Employees' Retirement System</b>	<b>Water and Power Employees' Retirement Plan</b>
Measurement Date	June 30, 2016	June 30, 2016	June 30, 2016
Valuation Date	June 30, 2015	June 30, 2016	July 1, 2016
Actuarial Cost Method	Entry Age Cost Method	Entry Age Method - assuming a closed group.	Entry age actuarial cost method
Amortization Method	For Tier 1, level dollar amortization is used ending on June 30, 2037. For Tiers 2, 3, and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City or Harbor Port Police). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City or Harbor Port Police).	Level Percent of Payroll	Level dollar amortization.
Remaining Amortization Period	Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 25 years. Plan changes are amortized over 15 years.	Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 ERIP, are amortized over 15 years. Future ERIPs will be amortized over 5 years. Actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two GASB 25/27 layers, were combined and amortized over 30 years.	The July 1, 2004 Unfunded Actuarial Accrued Liability is amortized over a 15-year period commencing July 1, 2004. Any subsequent changes in Unfunded Actuarial Accrued Liability are amortized over separate 15-year periods effective with that valuation.
Asset Valuation Method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on market value basis, and is recognized over a seven-year period. Deferred gains and losses as of June 30, 2013 have been combined and will be recognized over a period of six years from July 1, 2013. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.	Market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market returns and the expected returns on a market value basis, and is recognized over a five-year period. As directed by the Retirement Office, the actuarial valuation of assets may be reduced by an amount classified as a non-valuation reserve.
<b>Actuarial Assumptions:</b>			
Investment Rate of Return	7.50%	7.50%	7.25%
Inflation Rate	3.25%	3.25%	3.00%
Real Across-the-Board Salary Increase	0.75%	0.75%	0.50%
Projected Salary Increase	Ranges from 4.75% to 11.55% based on service.	Ranges from 4.40% to 10.50% based on years of service.	4.50% to 10.00%.
Cost of Living Adjustment	3.25% of Tiers 1 and 2 retirement income and 3.00% of Tiers 3, 4, 5, and 6 retirement income.	3.00% for Tier 1 and 2.00% for Tier 2	3.00% (actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1, 2.00% maximum for Tier 2).
<b>Mortality Rates:</b>			
Healthy	RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set back one year for members. RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set forward one year for beneficiaries.	RP-2000 Combined Healthy Mortality Table, projected with Scale BB to 2020, set back one year for males and no set back for females.	Head count-weighted RP-2014 Health Annuitant Mortality Table with no age adjustment for males and set back one year for females, projected generationally with the two-dimensional MP-2015 projected scale.
Disabled	RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set forward one year.	RP-2000 Combined Healthy Mortality Table, projected with Scale BB to 2020, set forward seven years for male and set forward eight years for females.	Head count-weighted RP-2014 Health Annuitant Mortality Table with no age adjustment for males and set back one year for females, projected generationally with the two-dimensional MP-2015 projected scale.

City of Los Angeles

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Other Postemployment Benefits Healthcare Plans**  
**Schedule of Funding Progress**  
(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
<b>Fire and Police Health Subsidy Plan</b>						
6/30/15	\$ 1,344,333	\$ 2,962,703	\$ 1,618,370	45.4 %	\$ 1,405,171	115.2 %
6/30/16	1,480,810	3,079,670	1,598,860	48.1	1,400,808	114.1
6/30/17	1,637,846	3,322,746	1,684,900	49.3	1,475,539	114.2
<b>Los Angeles City Employees' Postemployment Healthcare Plan</b>						
6/30/15	\$ 2,108,925	\$ 2,646,989	\$ 538,064	79.7 %	\$ 1,907,665	28.2 %
6/30/16	2,248,754	2,793,689	544,935	80.5	1,968,702	27.7
6/30/17	2,438,458	3,005,806	567,348	81.1	2,062,316	27.5
<b>Water and Power Employees' Retiree Health Benefits Plan</b>						
6/30/15	\$ 1,637,578	\$ 1,956,230	\$ 318,652	83.7 %	\$ 920,781	34.6 %
6/30/16	1,752,195	2,334,043	581,848	75.1	928,889	62.6
6/30/17	1,898,137	2,347,484	449,347	80.9	991,815	45.3



City of Los Angeles

**REQUIRED SUPPLEMENTARY INFORMATION**  
Fiscal Year Ended June 30, 2017  
(Unaudited)

**Condition Rating for City Bridges**

As of July 1, 2016

Bridge Type	No. of Bridges	Rating				
		A = 90% - 100% (very good)	B = 80% - 89% (good to fair)	C = 70% - 79% (fair to poor)	D = 50% - 69% (very poor)	F = below 50% (failure)
Vehicular	427	176	100	118	31	2
Pedestrian	69	4	62	3	--	--
Tunnel	16	5	7	4	--	--
Bikeway	3	2	1	--	--	--
<b>Total</b>	<b>515</b>	<b>187</b>	<b>170</b>	<b>125</b>	<b>31</b>	<b>2</b>
<b>Percentage</b>	<b>100.0%</b>	<b>36.3%</b>	<b>33.0%</b>	<b>24.3%</b>	<b>6.0%</b>	<b>0.4%</b>

**Condition Rating for City Bridges**

As of July 1, 2013

Bridge Type	No. of Bridges	Rating				
		A = 90% - 100% (very good)	B = 80% - 89% (good to fair)	C = 70% - 79% (fair to poor)	D = 50% - 69% (very poor)	F = below 50% (failure)
Vehicular	428	202	83	111	31	1
Pedestrian	67	7	57	3	--	--
Tunnel	17	6	8	3	--	--
Bikeway	2	1	1	--	--	--
<b>Total</b>	<b>514</b>	<b>216</b>	<b>149</b>	<b>117</b>	<b>31</b>	<b>1</b>
<b>Percentage</b>	<b>100.0%</b>	<b>42.0%</b>	<b>29.0%</b>	<b>23.0%</b>	<b>6.0%</b>	<b>0.0%</b>

**Condition Rating for City Bridges**

As of July 1, 2010

Bridge Type	No. of Bridges	Rating				
		A = 90% - 100% (very good)	B = 80% - 89% (good to fair)	C = 70% - 79% (fair to poor)	D = 50% - 69% (very poor)	F = below 50% (failure)
Vehicular	425	207	83	104	31	--
Pedestrian	66	8	56	2	--	--
Tunnel	15	10	3	2	--	--
Bikeway	2	1	1	--	--	--
<b>Total</b>	<b>508</b>	<b>226</b>	<b>143</b>	<b>108</b>	<b>31</b>	<b>--</b>
<b>Percentage</b>	<b>100.0%</b>	<b>44.5%</b>	<b>28.1%</b>	<b>21.3%</b>	<b>6.1%</b>	<b>0.0%</b>

City of Los Angeles

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Comparison of Needed-to-Actual Maintenance/Preservation Costs**  
(amounts expressed in thousands)

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
Needed	\$ 47,146	\$ 18,836	\$ 12,235	\$ 3,575	\$ 2,933
Actual	8,757	10,002	7,353	2,697	2,324

The Bridges and Tunnel System is a comprehensive bridge database system that enables the City to track the entire bridge inventory, inspection data, repair records, structural condition of various bridge elements, bridge sufficiency rating, cost data, traffic data, and geometric data. The Sufficiency Rating given to each bridge is in accordance with national standards developed by the Federal Highway Administration. The Sufficiency Rating ranges from 0% to 100% and is composed of the following elements: Structural Safety and Adequacy (S<sub>1</sub>=55%), Serviceability and Functional Obsolescence (S<sub>2</sub>=30%), Essentiality for Public Use (S<sub>3</sub>=15%), and Special Reductions (S<sub>4</sub>=up to a maximum of 13%). The Special Reductions is provided for long detour distance, traffic safety features, and structure type. The Sufficiency Rating is computed by summing the four elements (SR = S<sub>1</sub>+ S<sub>2</sub>+ S<sub>3</sub> -S<sub>4</sub>). It is the City's policy that bridges shall be maintained so that at least 70% of the bridges are rated "B" or better, and no bridge shall be rated less than "D." It is also the intent of the City that at least 80% of the City bridges are rated B or better by 2020. In December, 2016 Infrastructure Assessment of Bridges and Tunnels Report, 69.3% of the City's structures have a grade of "B" or better and concluded that the current overall rating of the City structures are almost in compliance with the City's adopted Condition Level Policy. Caltrans also needs to re-evaluate the two vehicle bridges that currently received a rating of "F" when these bridges are in sound condition. The condition assessments are determined every three years and the next assessment will be completed in fiscal year 2019.

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# **Combining and Individual Fund Financial Statements and Schedules**

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# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

The other governmental funds combining balance sheet and other governmental funds combining statement of revenues, expenditures and changes in fund balances provide the detail for the combined amounts presented in the financial statements. Subcombining statements are presented to provide the detail for the Nonmajor Special Revenue Funds, Nonmajor Debt Service Funds, and Nonmajor Capital Projects Funds. In addition, combining budgetary comparison schedules are presented for each of the Nonmajor Budgeted Funds.

The combining statements for the fiduciary funds are also presented for the Pension and Other Postemployment Benefits Trust Funds, and Agency Funds to provide the detail for the combined amounts presented in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position of the basic financial statements.

**CITY OF LOS ANGELES**

**Combining Balance Sheet  
Other Governmental Funds**

**June 30, 2017**

**(amounts expressed in thousands)**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 2,560,562	\$ 173,556	\$ 464,507	\$ 3,198,625
Taxes Receivable (Net of Allowance for Uncollectibles of \$1,614)	1,860	12,616	--	14,476
Accounts Receivable (Net of Allowance for Uncollectibles of \$28,924)	114,155	--	582	114,737
Special Assessments Receivable	6,975	--	1,293	8,268
Investment Income Receivable	5,771	310	588	6,669
Intergovernmental Receivable	129,830	--	773	130,603
Loans Receivable (Net of Allowance for Uncollectibles of \$1,104,232)	1,020,264	--	--	1,020,264
Due from Other Funds	92,770	--	255	93,025
Prepaid Items and Other Assets	8,826	--	--	8,826
Advances to Other Funds	397	--	--	397
Restricted Assets	19,739	--	--	19,739
Properties Held for Housing Development	111,870	--	--	111,870
<b>TOTAL ASSETS</b>	<b>\$ 4,073,019</b>	<b>\$ 186,482</b>	<b>\$ 467,998</b>	<b>\$ 4,727,499</b>
<b>LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 140,625	\$ --	\$ 6,761	\$ 147,386
Obligations Under Securities Lending Transactions	17,384	1,021	1,743	20,148
Accrued Salaries and Overtime Payable	23,514	--	--	23,514
Intergovernmental Payable	3,405	--	--	3,405
Due to Other Funds	73,759	--	7,643	81,402
Unearned Revenue	31,886	--	--	31,886
Deposits and Advances	25,337	--	7	25,344
Interest Payable	--	282	--	282
Advances from Other Funds	121,112	18,765	4,500	144,377
Other Liabilities	144,592	8,092	13,829	166,513
Liability for Excess CRA Bond Proceeds	82,191	--	--	82,191
<b>TOTAL LIABILITIES</b>	<b>663,805</b>	<b>28,160</b>	<b>34,483</b>	<b>726,448</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Real Estate Tax	3,979	8,662	689	13,330
Taxes Other than Real Estate	1,434	--	--	1,434
Receivables from Other Government Agencies	109,089	--	1,335	110,424
Other Deferred Inflows of Resources	71,346	88	143	71,577
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>185,848</b>	<b>8,750</b>	<b>2,167</b>	<b>196,765</b>
<b>FUND BALANCES</b>				
Nonspendable	8,826	--	--	8,826
Restricted	2,193,741	162,675	431,348	2,787,764
Committed	1,080,301	--	--	1,080,301
Assigned	153	--	--	153
Unassigned	(59,655)	(13,103)	--	(72,758)
<b>TOTAL FUND BALANCES</b>	<b>3,223,366</b>	<b>149,572</b>	<b>431,348</b>	<b>3,804,286</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,073,019</b>	<b>\$ 186,482</b>	<b>\$ 467,998</b>	<b>\$ 4,727,499</b>

**CITY OF LOS ANGELES**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES</b>				
Property Taxes	\$ 17,240	\$ 117,659	\$ --	\$ 134,899
Other Taxes	74,716	--	3,504	78,220
Licenses and Permits	59,940	--	23	59,963
Intergovernmental	776,087	--	11,697	787,784
Charges for Services	959,094	5,412	13,421	977,927
Services to Enterprise Funds	6,905	--	--	6,905
Fines	5,991	--	--	5,991
Special Assessments	119,691	--	24,932	144,623
Investment Earnings	25,150	1,359	3,616	30,125
Change in Fair Value of Investments	(27,315)	(1,661)	(2,760)	(31,736)
Program Income	36,741	--	--	36,741
Other	61,845	962	3,090	65,897
<b>TOTAL REVENUES</b>	<b>2,116,085</b>	<b>123,731</b>	<b>57,523</b>	<b>2,297,339</b>
<b>EXPENDITURES</b>				
Current:				
General Government	19,148	568	--	19,716
Protection of Persons and Property	387,857	--	--	387,857
Public Works	146,242	--	--	146,242
Health and Sanitation	383,854	--	--	383,854
Transportation	304,922	--	--	304,922
Cultural and Recreational Services	478,308	--	--	478,308
Community Development	166,594	--	--	166,594
Capital Outlay	227,730	--	85,155	312,885
Debt Service:				
Principal	30,188	124,740	--	154,928
Interest	2,282	43,538	--	45,820
Cost of Issuance	--	1,559	--	1,559
<b>TOTAL EXPENDITURES</b>	<b>2,147,125</b>	<b>170,405</b>	<b>85,155</b>	<b>2,402,685</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(31,040)</b>	<b>(46,674)</b>	<b>(27,632)</b>	<b>(105,346)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	455,949	49,273	920	506,142
Transfers Out	(121,794)	--	(65)	(121,859)
Proceeds of Refunding Bonds	--	143,815	--	143,815
Payment to Refunding Bond Escrow Agent	--	(142,256)	--	(142,256)
Loans from HUD	1,827	--	--	1,827
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>335,982</b>	<b>50,832</b>	<b>855</b>	<b>387,669</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>304,942</b>	<b>4,158</b>	<b>(26,777)</b>	<b>282,323</b>
FUND BALANCES, JULY 1	2,918,424	145,414	458,125	3,521,963
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 3,223,366</b>	<b>\$ 149,572</b>	<b>\$ 431,348</b>	<b>\$ 3,804,286</b>

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## **General Fund**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. General Fund revenues are derived from such sources as Taxes, Licenses and Permits, Intergovernmental Revenues, Charges for Services, Fines, Special Assessments, Interest and Others. Expenditures are expended for function of General Government, Protection of Persons and Property, Public Works, Health and Sanitation, Transportation, Cultural and Recreational Services, Community Development, Capital Outlay, and Debt Service.

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**CITY OF LOS ANGELES**  
**Supplemental Schedule of Budget Appropriations,**  
**Expenditures and Other Financing Uses by Function**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>							
City Administrative Officer	\$ 17,920	\$ 3,028	\$ 20,948	\$ 15,365	\$ 2,404	\$ 17,769	\$ 3,179
City Attorney	119,145	11,902	131,047	120,188	10,089	130,277	770
City Clerk	25,852	1,264	27,116	20,403	4,299	24,702	2,414
Controller	18,233	(161)	18,072	15,281	1,917	17,198	874
Council	24,307	16,937	41,244	29,732	2,558	32,290	8,954
Employee Relations Board	424	(4)	420	302	37	339	81
Ethics Commission	2,977	(21)	2,956	2,548	237	2,785	171
Finance	37,564	1,380	38,944	33,050	4,710	37,760	1,184
General Services	243,730	58,410	302,140	236,626	32,509	269,135	33,005
Information Technology Agency	90,308	2,981	93,289	68,525	21,164	89,689	3,600
Mayor	6,982	41,641	48,623	31,489	12,994	44,483	4,140
Neighborhood Empowerment	2,547	(79)	2,468	2,174	210	2,384	84
Personnel	60,590	(443)	60,147	52,417	5,378	57,795	2,352
Non-Departmental							
Capital Finance Administration	3,839	224	4,063	4,040	16	4,056	7
General City Purposes	164,847	(86,001)	78,846	55,053	12,617	67,670	11,176
Human Resources Benefits	629,485	21,160	650,645	642,936	5,551	648,487	2,158
Liability Claims	68,450	136,380	204,830	200,518	250	200,768	4,062
Unappropriated Balance	42,748	(28,368)	14,380	--	--	--	14,380
Water and Electricity	31,033	(153)	30,880	19,299	11,581	30,880	--
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,590,981</b>	<b>180,077</b>	<b>1,771,058</b>	<b>1,549,946</b>	<b>128,521</b>	<b>1,678,467</b>	<b>92,591</b>
<b>PROTECTION OF PERSONS AND PROPERTY</b>							
Animal Services	23,982	(266)	23,716	20,530	1,797	22,327	1,389
Building and Safety	104,565	1,408	105,973	92,140	5,934	98,074	7,899
Emergency Management	2,618	695	3,313	2,866	183	3,049	264
Fire	633,222	27,309	660,531	606,562	43,719	650,281	10,250
Police	1,485,553	40,450	1,526,003	1,396,646	117,724	1,514,370	11,633
<b>TOTAL PROTECTION OF PERSONS AND PROPERTY</b>	<b>2,249,940</b>	<b>69,596</b>	<b>2,319,536</b>	<b>2,118,744</b>	<b>169,357</b>	<b>2,288,101</b>	<b>31,435</b>
<b>PUBLIC WORKS</b>							
Public Works Bureaus							
Board of Public Works	18,055	4,864	22,919	19,084	3,219	22,303	616
Contract Administration	37,227	(1,549)	35,678	29,451	2,486	31,937	3,741
Engineering	86,492	6,726	93,218	80,857	5,417	86,274	6,944
Street Lighting	31,584	5,871	37,455	28,956	3,112	32,068	5,387
Street Services	181,570	8,255	189,825	152,268	21,325	173,593	16,232
Non-Departmental							
Water and Electricity	5,307	133	5,440	2,679	2,761	5,440	--
<b>TOTAL PUBLIC WORKS</b>	<b>360,235</b>	<b>24,300</b>	<b>384,535</b>	<b>313,295</b>	<b>38,320</b>	<b>351,615</b>	<b>32,920</b>
<b>HEALTH AND SANITATION</b>							
Public Works- Bureau of Sanitation	256,947	6,776	263,723	230,213	17,767	247,980	15,743
Non-Departmental							
Water and Electricity	1,151	(132)	1,019	579	440	1,019	--
<b>TOTAL HEALTH AND SANITATION</b>	<b>258,098</b>	<b>6,644</b>	<b>264,742</b>	<b>230,792</b>	<b>18,207</b>	<b>248,999</b>	<b>15,743</b>

Continued...

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Budget Appropriations,**  
**Expenditures and Other Financing Uses by Function**  
**Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>TRANSPORTATION</b>	\$ 160,165	\$ 2,691	\$ 162,856	\$ 140,576	\$ 11,451	\$ 152,027	\$ 10,829
<b>CULTURAL AND RECREATIONAL SERVICES</b>							
Convention Center	1,591	(14)	1,577	1,335	153	1,488	89
Cultural Affairs	12,389	1,054	13,443	8,457	2,928	11,385	2,058
El Pueblo De Los Angeles Historical Monument Authority	1,770	--	1,770	1,597	130	1,727	43
Zoo	20,382	114	20,496	17,777	1,488	19,265	1,231
Non-Departmental Water and Electricity	4,311	152	4,463	2,683	1,780	4,463	--
<b>TOTAL CULTURAL AND RECREATIONAL SERVICES</b>	<b>40,443</b>	<b>1,306</b>	<b>41,749</b>	<b>31,849</b>	<b>6,479</b>	<b>38,328</b>	<b>3,421</b>
<b>COMMUNITY DEVELOPMENT</b>							
Aging	6,013	(169)	5,844	4,577	332	4,909	935
Economic and Workforce	20,095	92	20,187	14,558	1,627	16,185	4,002
Disability	3,228	(87)	3,141	2,346	638	2,984	157
Housing and Community Investment Planning	64,872	8,866	73,738	58,167	7,831	65,998	7,740
	45,609	557	46,166	33,525	7,785	41,310	4,856
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>139,817</b>	<b>9,259</b>	<b>149,076</b>	<b>113,173</b>	<b>18,213</b>	<b>131,386</b>	<b>17,690</b>
<b>PENSION AND RETIREMENT CONTRIBUTIONS</b>							
Non-Departmental General City Purposes	2,890	(330)	2,560	2,277	283	2,560	--
<b>CAPITAL OUTLAY</b>							
Non-Departmental Capital Improvement Projects	57,268	11,508	68,776	5,131	4,397	9,528	59,248
<b>TRANSFERS TO OTHER FUNDS</b>							
Non-Departmental Capital Finance Administration	226,302	(8,969)	217,333	207,332	100	207,432	9,901
General	1,520,827	52,556	1,573,383	1,573,381	--	1,573,381	2
<b>TOTAL TRANSFERS TO OTHER FUNDS</b>	<b>1,747,129</b>	<b>43,587</b>	<b>1,790,716</b>	<b>1,780,713</b>	<b>100</b>	<b>1,780,813</b>	<b>9,903</b>
<b>GRAND TOTAL</b>	<b>\$ 6,606,966</b>	<b>\$ 348,638</b>	<b>\$ 6,955,604</b>	<b>\$ 6,286,496</b>	<b>\$ 395,328</b>	<b>\$ 6,681,824</b>	<b>\$ 273,780</b>

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Budget Appropriations,**  
**Expenditures and Other Financing Uses by Function and Object**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>							
<b>CITY ADMINISTRATIVE</b>							
<b>OFFICER</b>							
Salaries	\$ 15,648	\$ 132	\$ 15,780	\$ 13,201	\$ 812	\$ 14,013	\$ 1,767
Expenses	2,272	2,896	5,168	2,164	1,592	3,756	1,412
Subtotal	17,920	3,028	20,948	15,365	2,404	17,769	3,179
<b>CITY ATTORNEY</b>							
Salaries	111,708	4,690	116,398	108,610	7,049	115,659	739
Expenses	7,437	4,962	12,399	11,002	1,397	12,399	--
Special	--	2,250	2,250	576	1,643	2,219	31
Subtotal	119,145	11,902	131,047	120,188	10,089	130,277	770
<b>CITY CLERK</b>							
Salaries	16,962	(1,471)	15,491	12,445	653	13,098	2,393
Expenses	8,890	2,735	11,625	7,958	3,646	11,604	21
Subtotal	25,852	1,264	27,116	20,403	4,299	24,702	2,414
<b>CONTROLLER</b>							
Salaries	17,313	(795)	16,518	14,683	965	15,648	870
Expenses	920	634	1,554	598	952	1,550	4
Subtotal	18,233	(161)	18,072	15,281	1,917	17,198	874
<b>COUNCIL</b>							
Salaries	23,399	13,841	37,240	27,114	1,631	28,745	8,495
Expenses	908	3,096	4,004	2,618	927	3,545	459
Subtotal	24,307	16,937	41,244	29,732	2,558	32,290	8,954
<b>EMPLOYEE RELATIONS</b>							
<b>BOARD</b>							
Salaries	349	--	349	265	20	285	64
Expenses	75	(4)	71	37	17	54	17
Subtotal	424	(4)	420	302	37	339	81
<b>ETHICS COMMISSION</b>							
Salaries	2,566	--	2,566	2,348	152	2,500	66
Expenses	411	(21)	390	200	85	285	105
Subtotal	2,977	(21)	2,956	2,548	237	2,785	171
<b>FINANCE</b>							
Salaries	30,129	(519)	29,610	26,935	1,658	28,593	1,017
Expenses	7,435	1,899	9,334	6,115	3,052	9,167	167
Subtotal	37,564	1,380	38,944	33,050	4,710	37,760	1,184
<b>GENERAL SERVICES</b>							
Salaries	114,656	31,045	145,701	116,719	6,613	123,332	22,369
Expenses	125,409	26,919	152,328	116,486	25,210	141,696	10,632
Equipment	170	297	467	88	375	463	4
Special	3,495	149	3,644	3,333	311	3,644	--
Subtotal	243,730	58,410	302,140	236,626	32,509	269,135	33,005

Continued...

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Budget Appropriations,**  
**Expenditures and Other Financing Uses by Function and Object**  
**Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>INFORMATION</b>							
<b>TECHNOLOGY AGENCY</b>							
Salaries	\$ 48,444	\$ 2,114	\$ 50,558	\$ 44,692	\$ 2,640	\$ 47,332	\$ 3,226
Expenses	27,401	468	27,869	16,428	11,194	27,622	247
Equipment	303	(62)	241	144	93	237	4
Special	14,160	461	14,621	7,261	7,237	14,498	123
Subtotal	90,308	2,981	93,289	68,525	21,164	89,689	3,600
<b>MAYOR</b>							
Salaries	6,593	11,199	17,792	14,805	952	15,757	2,035
Expenses	389	30,442	30,831	16,684	12,042	28,726	2,105
Subtotal	6,982	41,641	48,623	31,489	12,994	44,483	4,140
<b>NEIGHBORHOOD EMPOWERMENT</b>							
Salaries	2,037	(155)	1,882	1,715	122	1,837	45
Expenses	496	76	572	448	86	534	38
Special	14	--	14	11	2	13	1
Subtotal	2,547	(79)	2,468	2,174	210	2,384	84
<b>PERSONNEL</b>							
Salaries	50,546	(531)	50,015	45,549	2,797	48,346	1,669
Expenses	8,150	88	8,238	5,319	2,270	7,589	649
Special	1,894	--	1,894	1,549	311	1,860	34
Subtotal	60,590	(443)	60,147	52,417	5,378	57,795	2,352
<b>NON-DEPARTMENTAL</b>							
Capital Finance							
Administration	3,839	224	4,063	4,040	16	4,056	7
General City Purposes	164,847	(86,001)	78,846	55,053	12,617	67,670	11,176
Human Resources Benefits	629,485	21,160	650,645	642,936	5,551	648,487	2,158
Liability Claims	68,450	136,380	204,830	200,518	250	200,768	4,062
Unappropriated Balance	42,748	(28,368)	14,380	--	--	--	14,380
Water and Electricity	31,033	(153)	30,880	19,299	11,581	30,880	--
Subtotal	940,402	43,242	983,644	921,846	30,015	951,861	31,783
<b>TOTAL GENERAL GOVERNMENT</b>							
	1,590,981	180,077	1,771,058	1,549,946	128,521	1,678,467	92,591
<b>PROTECTION OF PERSONS AND PROPERTY</b>							
<b>ANIMAL SERVICES</b>							
Salaries	21,721	(524)	21,197	18,885	1,347	20,232	965
Expenses	2,261	258	2,519	1,645	450	2,095	424
Subtotal	23,982	(266)	23,716	20,530	1,797	22,327	1,389
<b>BUILDING AND SAFETY</b>							
Salaries	101,981	1,288	103,269	90,393	5,621	96,014	7,255
Expenses	2,584	120	2,704	1,747	313	2,060	644
Subtotal	104,565	1,408	105,973	92,140	5,934	98,074	7,899

Continued...

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Budget Appropriations,**  
**Expenditures and Other Financing Uses by Function and Object**  
**Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>EMERGENCY MANAGEMENT</b>							
Salaries	\$ 2,547	\$ 699	\$ 3,246	\$ 2,820	\$ 162	\$ 2,982	\$ 264
Expenses	71	(11)	60	40	20	60	--
Equipment	--	7	7	6	1	7	--
Subtotal	<u>2,618</u>	<u>695</u>	<u>3,313</u>	<u>2,866</u>	<u>183</u>	<u>3,049</u>	<u>264</u>
<b>FIRE</b>							
Salaries	593,175	12,773	605,948	563,447	32,933	596,380	9,568
Expenses	40,047	14,536	54,583	43,115	10,786	53,901	682
Subtotal	<u>633,222</u>	<u>27,309</u>	<u>660,531</u>	<u>606,562</u>	<u>43,719</u>	<u>650,281</u>	<u>10,250</u>
<b>POLICE</b>							
Salaries	1,406,324	24,080	1,430,404	1,340,593	79,489	1,420,082	10,322
Expenses	72,437	15,344	87,781	55,500	31,066	86,566	1,215
Equipment	6,792	1,026	7,818	553	7,169	7,722	96
Subtotal	<u>1,485,553</u>	<u>40,450</u>	<u>1,526,003</u>	<u>1,396,646</u>	<u>117,724</u>	<u>1,514,370</u>	<u>11,633</u>
<b>TOTAL PROTECTION OF PERSONS AND PROPERTY</b>							
	<u>2,249,940</u>	<u>69,596</u>	<u>2,319,536</u>	<u>2,118,744</u>	<u>169,357</u>	<u>2,288,101</u>	<u>31,435</u>
<b>PUBLIC WORKS</b>							
<b>BOARD OF PUBLIC WORKS</b>							
Salaries	8,219	582	8,801	8,056	481	8,537	264
Expenses	9,836	4,282	14,118	11,028	2,738	13,766	352
Subtotal	<u>18,055</u>	<u>4,864</u>	<u>22,919</u>	<u>19,084</u>	<u>3,219</u>	<u>22,303</u>	<u>616</u>
<b>BUREAU OF CONTRACT ADMINISTRATION</b>							
Salaries	34,334	(1,541)	32,793	27,940	1,614	29,554	3,239
Expenses	2,893	(8)	2,885	1,511	872	2,383	502
Subtotal	<u>37,227</u>	<u>(1,549)</u>	<u>35,678</u>	<u>29,451</u>	<u>2,486</u>	<u>31,937</u>	<u>3,741</u>
<b>BUREAU OF ENGINEERING</b>							
Salaries	83,079	7,262	90,341	78,827	4,719	83,546	6,795
Expenses	3,413	(536)	2,877	2,030	698	2,728	149
Subtotal	<u>86,492</u>	<u>6,726</u>	<u>93,218</u>	<u>80,857</u>	<u>5,417</u>	<u>86,274</u>	<u>6,944</u>
<b>BUREAU OF STREET LIGHTING</b>							
Salaries	25,850	3,720	29,570	24,670	1,422	26,092	3,478
Expenses	1,318	515	1,833	1,184	242	1,426	407
Equipment	1	--	1	--	--	--	1
Special	4,415	1,636	6,051	3,102	1,448	4,550	1,501
Subtotal	<u>31,584</u>	<u>5,871</u>	<u>37,455</u>	<u>28,956</u>	<u>3,112</u>	<u>32,068</u>	<u>5,387</u>
<b>BUREAU OF STREET SERVICES</b>							
Salaries	91,803	2,244	94,047	80,835	5,001	85,836	8,211
Expenses	89,767	6,011	95,778	71,433	16,324	87,757	8,021
Subtotal	<u>181,570</u>	<u>8,255</u>	<u>189,825</u>	<u>152,268</u>	<u>21,325</u>	<u>173,593</u>	<u>16,232</u>

Continued...

CITY OF LOS ANGELES

Supplemental Schedule of Budget Appropriations,  
Expenditures and Other Financing Uses by Function and Object  
Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)

General Fund

For the Fiscal Year Ended June 30, 2017

(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>NON-DEPARTMENTAL</b>							
Water and Electricity	\$ 5,307	\$ 133	\$ 5,440	\$ 2,679	\$ 2,761	\$ 5,440	\$ --
<b>TOTAL PUBLIC WORKS</b>	<b>360,235</b>	<b>24,300</b>	<b>384,535</b>	<b>313,295</b>	<b>38,320</b>	<b>351,615</b>	<b>32,920</b>
<b>HEALTH AND SANITATION</b>							
<b>PUBLIC WORKS -</b>							
<b>BUREAU OF SANITATION</b>							
Salaries	243,895	6,265	250,160	222,047	13,168	235,215	14,945
Expenses	13,019	511	13,530	8,166	4,585	12,751	779
Equipment	33	--	33	--	14	14	19
Subtotal	256,947	6,776	263,723	230,213	17,767	247,980	15,743
<b>NON-DEPARTMENTAL</b>							
Water and Electricity	1,151	(132)	1,019	579	440	1,019	--
<b>TOTAL HEALTH AND SANITATION</b>	<b>258,098</b>	<b>6,644</b>	<b>264,742</b>	<b>230,792</b>	<b>18,207</b>	<b>248,999</b>	<b>15,743</b>
<b>TRANSPORTATION</b>							
Salaries	133,044	5,017	138,061	122,478	7,251	129,729	8,332
Expenses	26,771	(2,788)	23,983	18,061	3,716	21,777	2,206
Equipment	350	462	812	37	484	521	291
<b>TOTAL TRANSPORTATION</b>	<b>160,165</b>	<b>2,691</b>	<b>162,856</b>	<b>140,576</b>	<b>11,451</b>	<b>152,027</b>	<b>10,829</b>
<b>CULTURAL AND RECREATIONAL SERVICES</b>							
<b>CONVENTION CENTER</b>							
Salaries	1,525	(131)	1,394	1,246	75	1,321	73
Expenses	53	130	183	89	78	167	16
Special	13	(13)	--	--	--	--	--
Subtotal	1,591	(14)	1,577	1,335	153	1,488	89
<b>CULTURAL AFFAIRS</b>							
Salaries	6,175	(98)	6,077	5,579	352	5,931	146
Expenses	854	846	1,700	462	241	703	997
Special	5,360	306	5,666	2,416	2,335	4,751	915
Subtotal	12,389	1,054	13,443	8,457	2,928	11,385	2,058
<b>EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT AUTHORITY</b>							
Salaries	1,363	(15)	1,348	1,247	76	1,323	25
Expenses	407	15	422	350	54	404	18
Subtotal	1,770	--	1,770	1,597	130	1,727	43
<b>ZOO</b>							
Salaries	17,527	(151)	17,376	15,408	952	16,360	1,016
Expenses	2,855	265	3,120	2,369	536	2,905	215
Subtotal	20,382	114	20,496	17,777	1,488	19,265	1,231
<b>NON-DEPARTMENTAL</b>							
Water and Electricity	4,311	152	4,463	2,683	1,780	4,463	--
<b>TOTAL CULTURAL AND RECREATIONAL SERVICES</b>	<b>40,443</b>	<b>1,306</b>	<b>41,749</b>	<b>31,849</b>	<b>6,479</b>	<b>38,328</b>	<b>3,421</b>

Continued...

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Budget Appropriations,**  
**Expenditures and Other Financing Uses by Function and Object**  
**Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>COMMUNITY DEVELOPMENT</b>							
<b>AGING</b>							
Salaries	\$ 4,113	\$ (3)	\$ 4,110	\$ 3,231	\$ 194	\$ 3,425	\$ 685
Expenses	1,900	(166)	1,734	1,346	138	1,484	250
Subtotal	<u>6,013</u>	<u>(169)</u>	<u>5,844</u>	<u>4,577</u>	<u>332</u>	<u>4,909</u>	<u>935</u>
<b>ECONOMIC AND WORKFORCE DEVELOPMENT</b>							
Salaries	16,066	(149)	15,917	11,862	770	12,632	3,285
Expenses	4,029	241	4,270	2,696	857	3,553	717
Subtotal	<u>20,095</u>	<u>92</u>	<u>20,187</u>	<u>14,558</u>	<u>1,627</u>	<u>16,185</u>	<u>4,002</u>
<b>DISABILITY</b>							
Salaries	1,801	(126)	1,675	1,423	98	1,521	154
Expenses	1,335	39	1,374	871	500	1,371	3
Special	92	--	92	52	40	92	--
Subtotal	<u>3,228</u>	<u>(87)</u>	<u>3,141</u>	<u>2,346</u>	<u>638</u>	<u>2,984</u>	<u>157</u>
<b>HOUSING AND COMMUNITY INVESTMENT</b>							
Salaries	56,211	690	56,901	48,044	2,972	51,016	5,885
Expenses	8,168	8,333	16,501	10,004	4,859	14,863	1,638
Equipment	--	40	40	--	--	--	40
Special	493	(197)	296	119	--	119	177
Subtotal	<u>64,872</u>	<u>8,866</u>	<u>73,738</u>	<u>58,167</u>	<u>7,831</u>	<u>65,998</u>	<u>7,740</u>
<b>PLANNING</b>							
Salaries	35,647	(859)	34,788	28,691	1,915	30,606	4,182
Expenses	9,748	1,416	11,164	4,689	5,802	10,491	673
Equipment	214	--	214	145	68	213	1
Subtotal	<u>45,609</u>	<u>557</u>	<u>46,166</u>	<u>33,525</u>	<u>7,785</u>	<u>41,310</u>	<u>4,856</u>
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<u>139,817</u>	<u>9,259</u>	<u>149,076</u>	<u>113,173</u>	<u>18,213</u>	<u>131,386</u>	<u>17,690</u>
<b>PENSION AND RETIREMENT CONTRIBUTION</b>							
Non-Departmental	2,890	(330)	2,560	2,277	283	2,560	--
<b>CAPITAL OUTLAY</b>							
Non-Departmental	57,268	11,508	68,776	5,131	4,397	9,528	59,248
<b>TRANSFERS TO OTHER FUNDS</b>							
Non-Departmental	1,747,129	43,587	1,790,716	1,780,713	100	1,780,813	9,903
<b>GRAND TOTAL</b>	<u>\$ 6,606,966</u>	<u>\$ 348,638</u>	<u>\$ 6,955,604</u>	<u>\$ 6,286,496</u>	<u>\$ 395,328</u>	<u>\$ 6,681,824</u>	<u>\$ 273,780</u>

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## **Special Revenue Funds**

Special Revenue Funds are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources that are designated to finance particular functions and activities of the City.

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## SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources that are designated to finance particular functions and activities of the City. Only one fund is reported as a major fund and is presented in the basic financial statements. Eighteen funds are separately identified in the Nonmajor Special Revenue funds combining schedules and they account for 67.17% of the combined revenues of the Nonmajor Special Revenue funds. Three groupings of numerous smaller funds are reported for other grants, other special revenue, and allocations from other governmental agencies funds.

**Building and Safety Permit Fund** - Accounts for the fees collected for plan check, permitting, and inspection of new construction in the City; testing of construction materials and methods; and examining the licensing of welders, equipment operators, and registered deputy building inspector.

**Citywide Recycling Fund** – Accounts for compliance fees collected from private solid waste haulers. Monies deposited in the fund are used to pay for industrial, commercial, and multi-family recycling programs that include program administration, public education, technical assistance to private businesses, research, market development, development of material recovery/diversion facilities, and other programs designed to increase solid waste diversion rates.

**Proposition C Anti-Gridlock Transit Improvement Fund** – Accounts for the City's 20.0% share of the additional one-half cent sales tax within the County of Los Angeles to improve transit service and operations, reduce traffic congestion, improve air quality and the condition of streets and freeways utilized by public transit, and reduce foreign fuel dependence.

**Special Parking Revenue Fund** – Accounts for all monies collected from parking meters in the City, except those monies from meters located in established vehicle parking districts. Monies in this fund may be used for the purchase, installation and maintenance of parking meters; the policing of parking meters and parking meter spaces; the collection of monies deposited in parking meters; the purchase, improvement, and operation of off-street parking facilities; the painting and marking of streets and curbs for the direction of traffic and parking of vehicles; and the installation of traffic signs, signals and other traffic control devices.

**Stormwater Pollution Abatement Fund** – Accounts for the charge on all properties in the City in order to treat and abate stormwater. The charge is based on stormwater runoff and pollutant loading associated with property size and land use.

**Street Lighting Maintenance Assessment Fund** – Accounts for revenues received for maintenance and operation of the majority of the streetlights in the City. Revenues are derived from benefit assessments to properties that comprise the Los Angeles City Lighting District. Expenditures include payments of electricity bills, replacement and modernization of older lighting systems, all repairs, engineering and administrative costs, purchase of supplies and equipment, and other items associated with the operation and maintenance of the street lighting system.

**Proposition A Local Transit Assistances Fund** - Provides for the utilization of the one-half cent sales tax revenues for the planning, administration, and operation of Citywide public transportation programs. Funds are used to (a) improve and expand existing public transit Countywide, including reduction of transit fares, (b) construct and operate a rail rapid transit system, and (c) more effectively use State and Federal funds, benefit assessments, and fares. The City receives an allocation from a 25 percent share of the revenue collected, based on the City's percentage share of the population of Los Angeles County. Thirty-five percent of the proceeds are allocated to the Los Angeles County Transportation Commission for construction and operation of a rail system and 40 percent is allocated to the Commission for public transit purposes.

**Low and Moderate Income Housing Fund** – Accounts for housing assets and functions transferred from the former Community Redevelopment Agency when the City elected to be the successor agency for the low and moderate income housing functions.

**Measure R Local Return Funds** – Accounts for an additional one-half cent sales tax for a period of 30 years. Monies in this fund shall be used to: expand the Metro rail system; make street improvements; enhance safety and improve the flow of traffic; and, make public transportation more convenient and affordable.

**Recreation and Parks Fund** – Accounts for activities of parks, playgrounds, swimming pools, public golf courses, recreation centers, recreation camps and educational facilities, structures of historic significance, and supervises all recreation activities at such facilities.

**Solid Waste Resources Fund**- Accounts for the solid waste collection, transfer, recycling, recovery of waste resources, and disposal fee imposed on all single dwellings in the City and on multiple (up to four) unit dwellings for which the City provides refuse collection services. The fees collected are to cover costs associated with the City's solid waste collection, recycling and disposal activities.

**Special Gas Tax Street Improvement Fund** – Accounts for the revenues received from the State for the City's share of the gasoline tax and Traffic Congestion Relief Fund to be used for preservation, maintenance, and rehabilitation of local streets and road system. The fund also accounts for federal grants from the Surface Transportation Program to finance the upgrade of the most heavily traveled highways.

**Community Development Fund** – Accounts for the Block Grant funds allocated by the United States Department of Housing and Urban Development (HUD) for the development of viable urban communities, including: decent housing and suitable living environment; expanding economic opportunities, principally for persons of low and moderate income; and physical improvements to communities accompanied by supportive social services.

**Section 108 Loan Guarantee Program Fund** – Accounts for loan guarantee funds from United States Department of Housing and Urban Development (HUD) for housing, commercial and industrial development projects.

**Home Investment Partnership Program Fund** – Accounts for the grants received from HUD to expand the supply of decent, safe, sanitary and affordable housing with the primary focus on rental housing, and to strengthen the abilities of state and local governments to provide housing to persons principally of low and very low income.

**Seismic Bond Reimbursement Fund** – Accounts for the funds received from the Federal government and other sources to reimburse the City for its seismic bond program.

**Transportation Grants Fund** – Accounts for grant funds from the Metropolitan Transit Authority (Metro) to implement the Transportation Improvement Program Call for Projects (TIP).

**Workforce Innovation Opportunity Act Fund** – Accounts for the grants received from the United States Department of Labor for the purpose of providing employment and training opportunities for the disadvantaged residents and dislocated workers of the City.

**Nonmajor Other Grant Funds** – Account for various grants received from the Federal and State governments used for a specific purpose, activity or facility. This group represents 9.69% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are eight annually budgeted funds: Community Services Block Grant, Disaster Assistance, Forfeited Assets Trust of Police Department, Household Hazardous Waste, Housing Opportunities for Persons with AIDS, Mobile Source Air Pollution Reduction, Older Americans Act, and Supplemental Law Enforcement Services.

**Nonmajor Other Special Revenue Funds** – Account for the activities of non-grant Special Revenue funds that represent 18.64% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are 18 annually budgeted funds: Arts and Cultural Facilities and Services, Arts Development Fee, City Employees Ridesharing, City of Los Angeles Affordable Housing, El Pueblo de Los Angeles Historical Monument, Landfill Maintenance Trust, Local Public Safety, Los Angeles Convention and Visitors Bureau, Multi-Family Bulky Item Fee, Municipal Housing Finance, Planning Case Processing Special Fund, Rent Stabilization, Street Damage Restoration Fee, Systematic Code Enforcement Fee, Telecommunications Liquidated Damages and Lost Franchise Fees, Traffic Safety, Zoo and Sidewalk Repair Fund.

**Allocations From Other Governmental Agencies** – Account for funds received by the City from various sources used for engineering design, fire protection, acquiring rights if any, construction and for various other programs. This group represents 4.50% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are 52 partially budgeted funds: Animal Sterilization Fund, ARRA EECBG Fund Housing, ARRA Energy Efficiency and Conservation, ARRA Neighborhood Stabilization, ATSAC Trust Fund, Audit Repayment, Bus Bench Advertising, Business Improvement Trust, CalHome Trust, CDD Section 108 Loan Guarantee, City Attorney Consumer Protection, City Health Commission Trust, City Planning System Development, Coastal Transportation Corridor Trust, Construction Services Trust, CPUC Gas Company, CRA Non-Housing Bond Proceeds, Enterprise Zone Tax Credit Vouchers, Expedited Fee Trust, Federal Emergency Shelter Grant, Foreclosure Registry Program, Healthy Homes 1, Housing Production Revolving Fund, Housing Small Grants and Awards, HUD Connections Grant, Industrial Development Authority, Innovation Fund, Integrated Solid Waste Management, LA Performance Partnership Pilot, LA Regional Initiative for Social Enterprise, LEAD Grant 10, LEAD Grand Nine, LEAD Grant 11, Los Angeles Regional Agency Trust, Low and Moderate Income Housing, MICLA 2016 Streetlights Construction, Neighborhood Stabilization Program 3, Neighborhood Stabilization Program, Off-Site Sign Periodic Inspection Fee, Permit Parking Program Revenue, Pershing Square Trust, Planning Long-Range Plan, Repair and Demolition, Street Banners Revenue, Temporary Assistance for Needy Families, Traffic Safety Education Program, Transportation Regulation and Enforcement, Used Oil Collection, Ventura/Cahuenga Corridor Plan, Warner Center Transportation Trust, West LA Transportation Improvement and Mitigation, and Workforce Innovation Fund Special Revenue Funds.

**CITY OF LOS ANGELES**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Building and Safety Permit</b>	<b>Citywide Recycling</b>	<b>Proposition C Anti-Gridlock Transit Improvement</b>	<b>Special Parking Revenue</b>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 256,035	\$ 38,484	\$ 42,929	\$ 40,713
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$28,924)	3,286	8,688	2,209	197
Special Assessments Receivable	1,088	--	--	--
Investment Income Receivable	631	82	75	149
Intergovernmental Receivable	--	--	17,273	--
Loans Receivable (Net of Allowance for Uncollectibles of \$1,104,233)	--	--	--	296
Due from Other Funds	11,640	3,617	3,258	49
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	350
Restricted Assets	--	--	--	--
Properties Held for Housing Development	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 272,680</b>	<b>\$ 50,871</b>	<b>\$ 65,744</b>	<b>\$ 41,754</b>
<b>LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 3,501	\$ 1,731	\$ 198	\$ 2,975
Obligations Under Securities Lending Transactions	1,903	286	319	303
Accrued Salaries and Overtime Payable	5,050	--	--	--
Intergovernmental Payable	--	--	--	--
Due to Other Funds	351	--	2,141	739
Unearned Revenue	--	--	--	13,304
Deposits and Advances	45	--	--	275
Advances from Other Funds	--	--	--	33,299
Other Liabilities	15,092	2,268	2,530	2,400
Liability for Excess CRA Bond Proceeds	--	--	--	--
<b>TOTAL LIABILITIES</b>	<b>25,942</b>	<b>4,285</b>	<b>5,188</b>	<b>53,295</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Real Estate Tax	949	--	--	--
Taxes Other than Real Estate	--	1,434	--	--
Receivables from Other Government Agencies	--	--	8,612	--
Other Deferred Inflows of Resources	1,768	20	2,109	31
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,717</b>	<b>1,454</b>	<b>10,721</b>	<b>31</b>
<b>FUND BALANCES</b>				
Nonspendable	--	--	--	--
Restricted	--	45,132	49,835	--
Committed	244,021	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	(11,572)
<b>TOTAL FUND BALANCES</b>	<b>244,021</b>	<b>45,132</b>	<b>49,835</b>	<b>(11,572)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 272,680</b>	<b>\$ 50,871</b>	<b>\$ 65,744</b>	<b>\$ 41,754</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Balance Sheet - (Continued)**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Stormwater Pollution Abatement</b>	<b>Street Lighting Maintenance Assessment</b>	<b>Proposition A Local Transit Assistance</b>	<b>Low and Moderate Income Housing</b>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 24,583	\$ 17,709	\$ 291,915	\$ 34,790
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$28,924)	3,897	3,817	1,820	--
Special Assessments Receivable	1,515	2,638	--	--
Investment Income Receivable	72	--	705	116
Intergovernmental Receivable	3	--	24,487	--
Loans Receivable (Net of Allowance for Uncollectibles of \$1,104,233)	--	--	--	308,037
Due from Other Funds	1,141	3,022	118	--
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	--
Restricted Assets	--	--	--	12,237
Properties Held for Housing Development	--	--	--	111,870
<b>TOTAL ASSETS</b>	<b>\$ 31,211</b>	<b>\$ 27,186</b>	<b>\$ 319,045</b>	<b>\$ 467,050</b>
<b>LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 2,464	\$ 719	\$ 22,470	\$ 405
Obligations Under Securities Lending Transactions	183	--	2,169	350
Accrued Salaries and Overtime Payable	--	--	--	116
Intergovernmental Payable	--	--	--	1,197
Due to Other Funds	3,233	22	889	327
Unearned Revenue	14,747	--	--	--
Deposits and Advances	--	32	--	680
Advances from Other Funds	1,372	15,742	--	--
Other Liabilities	1,449	--	17,206	9,039
Liability for Excess CRA Bond Proceeds	--	--	--	--
<b>TOTAL LIABILITIES</b>	<b>23,448</b>	<b>16,515</b>	<b>42,734</b>	<b>12,114</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Real Estate Tax	783	1,510	--	--
Taxes Other than Real Estate	--	--	--	--
Receivables from Other Government Agencies	3,097	--	12,204	--
Other Deferred Inflows of Resources	20	3,492	176	29
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,900</b>	<b>5,002</b>	<b>12,380</b>	<b>29</b>
<b>FUND BALANCES</b>				
Nonspendable	--	--	--	--
Restricted	3,863	5,669	263,931	454,907
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<b>3,863</b>	<b>5,669</b>	<b>263,931</b>	<b>454,907</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 31,211</b>	<b>\$ 27,186</b>	<b>\$ 319,045</b>	<b>\$ 467,050</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Balance Sheet - (Continued)**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<u>Grant Funds</u>				
	Measure R Local Return	Recreation and Parks	Solid Waste Resources	Special Gas Tax Street Improvement	Community Development
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 54,704	\$ 327,329	\$ 212,785	\$ 13,528	\$ 2,324
Taxes Receivable	--	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$28,924)	257	3	1,731	28	--
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	129	785	527	18	6
Intergovernmental Receivable	11,839	--	--	--	--
Loans Receivable (Net of Allowance for Uncollectibles of \$1,104,233)	--	--	--	--	168,696
Due from Other Funds	10,275	1,226	15,900	10,316	--
Prepaid Items and Other Assets	--	--	--	--	2,600
Advances to Other Funds	--	--	--	--	--
Restricted Assets	--	--	--	--	--
Properties Held for Housing Development	--	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 77,204</b>	<b>\$ 329,343</b>	<b>\$ 230,943</b>	<b>\$ 23,890</b>	<b>\$ 173,626</b>
<b>LIABILITIES</b>					
Accounts, Contracts and Retainage Payable	\$ 1,108	\$ 12,071	11,245	\$ 605	\$ 2,506
Obligations Under Securities Lending Transactions	407	2,432	1,581	100	17
Accrued Salaries and Overtime Payable	--	11,227	--	--	575
Intergovernmental Payable	--	5	--	--	266
Due to Other Funds	2,444	711	533	2	5,425
Unearned Revenue	--	97	--	--	--
Deposits and Advances	--	2,033	--	--	39
Advances from Other Funds	--	--	--	500	479
Other Liabilities	3,224	19,292	12,542	815	146
Liability for Excess CRA Bond Proceeds	--	--	--	--	--
<b>TOTAL LIABILITIES</b>	<b>7,183</b>	<b>47,868</b>	<b>25,901</b>	<b>2,022</b>	<b>9,453</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Real Estate Tax	--	--	--	--	--
Taxes Other than Real Estate	--	--	--	--	--
Receivables from Other Government Agencies	4,862	--	59	28	--
Other Deferred Inflows of Resources	32	193	828	6	2
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,894</b>	<b>193</b>	<b>887</b>	<b>34</b>	<b>2</b>
<b>FUND BALANCES</b>					
Nonspendable	--	--	--	--	2,600
Restricted	65,127	281,282	--	21,834	161,571
Committed	--	--	204,155	--	--
Assigned	--	--	--	--	--
Unassigned	--	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<b>65,127</b>	<b>281,282</b>	<b>204,155</b>	<b>21,834</b>	<b>164,171</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 77,204</b>	<b>\$ 329,343</b>	<b>\$ 230,943</b>	<b>\$ 23,890</b>	<b>\$ 173,626</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Balance Sheet - (Continued)**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	Grant Funds			
	Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Transportation
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 19,811	\$ 4,685	\$ 16,011	\$ 77,375
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$28,924)	--	--	3	8,401
Special Assessments Receivable	--	--	--	--
Investment Income Receivable	--	7	49	201
Intergovernmental Receivable	--	4,483	218	9,616
Loans Receivable (Net of Allowance for Uncollectibles of \$1,104,233)	101,875	310,690	--	--
Due from Other Funds	5	--	4,006	351
Prepaid Items and Other Assets	--	5,889	--	--
Advances to Other Funds	--	--	--	--
Restricted Assets	--	--	--	--
Properties Held for Housing Development	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 121,691</b>	<b>\$ 325,754</b>	<b>\$ 20,287</b>	<b>\$ 95,944</b>
<b>LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 396	\$ 4,527	\$ 981	\$ 5,030
Obligations Under Securities Lending Transactions	1	35	119	575
Accrued Salaries and Overtime Payable	--	167	--	--
Intergovernmental Payable	--	--	--	--
Due to Other Funds	2	1,134	318	13,114
Unearned Revenue	--	--	--	149
Deposits and Advances	1,192	45	--	34
Advances from Other Funds	--	--	--	--
Other Liabilities	11	276	945	4,562
Liability for Excess CRA Bond Proceeds	--	--	--	--
<b>TOTAL LIABILITIES</b>	<b>1,602</b>	<b>6,184</b>	<b>2,363</b>	<b>23,464</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Real Estate Tax	--	--	--	--
Taxes Other than Real Estate	--	--	--	--
Receivables from Other Government Agencies	--	132	221	14,926
Other Deferred Inflows of Resources	--	2	9	203
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>--</b>	<b>134</b>	<b>230</b>	<b>15,129</b>
<b>FUND BALANCES</b>				
Nonspendable	--	5,889	--	--
Restricted	120,089	313,547	17,694	57,351
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<b>120,089</b>	<b>319,436</b>	<b>17,694</b>	<b>57,351</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 121,691</b>	<b>\$ 325,754</b>	<b>\$ 20,287</b>	<b>\$ 95,944</b>

Continued...



**CITY OF LOS ANGELES**  
**Combining Balance Sheet - (Continued)**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Innovation Opportunity Act	Nonmajor Other Grant Funds			
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 5,033	\$ 199,130	\$ 581,910	\$ 298,779	\$ 2,560,562
Taxes Receivable	--	--	1,860	--	1,860
Accounts Receivable (Net of Allowance for Uncollectibles of \$28,924)	--	9,502	49,852	20,464	114,155
Special Assessments Receivable	--	--	1,719	15	6,975
Investment Income Receivable	7	427	1,122	663	5,771
Intergovernmental Receivable	5,904	44,520	11,398	89	129,830
Loans Receivable (Net of Allowance for Uncollectibles of \$1,104,233)	--	17,008	80,710	32,952	1,020,264
Due from Other Funds	37	1,418	20,855	5,536	92,770
Prepaid Items and Other Assets	252	--	70	15	8,826
Advances to Other Funds	--	--	47	--	397
Restricted Assets	--	--	7,502	--	19,739
Properties Held for Housing Development	--	--	--	--	111,870
<b>TOTAL ASSETS</b>	<b>\$ 11,233</b>	<b>\$ 272,005</b>	<b>\$ 757,045</b>	<b>\$ 358,513</b>	<b>\$ 4,073,019</b>
<b>LIABILITIES</b>					
Accounts, Contracts and Retainage Payable	\$ 9,349	\$ 35,041	\$ 17,753	\$ 5,550	\$ 140,625
Obligations Under Securities Lending Transactions	37	961	3,620	1,986	17,384
Accrued Salaries and Overtime Payable	--	261	5,660	458	23,514
Intergovernmental Payable	252	1,062	558	65	3,405
Due to Other Funds	498	29,034	10,156	2,686	73,759
Unearned Revenue	--	--	3,589	--	31,886
Deposits and Advances	--	6,789	11,359	2,814	25,337
Advances from Other Funds	--	58,123	11,597	--	121,112
Other Liabilities	297	7,620	28,715	16,163	144,592
Liability for Excess CRA Bond Proceeds	--	--	--	82,191	82,191
<b>TOTAL LIABILITIES</b>	<b>10,433</b>	<b>138,891</b>	<b>93,007</b>	<b>111,913</b>	<b>663,805</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Real Estate Tax	--	--	737	--	3,979
Taxes Other than Real Estate	--	--	--	--	1,434
Receivables from Other Government Agencies	1,132	58,743	5,073	--	109,089
Other Deferred Inflows of Resources	3	2,214	40,059	20,150	71,346
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,135</b>	<b>60,957</b>	<b>45,869</b>	<b>20,150</b>	<b>185,848</b>
<b>FUND BALANCES</b>					
Nonspendable	252	--	70	15	8,826
Restricted	--	109,300	97,910	124,699	2,193,741
Committed	--	10,353	520,036	101,736	1,080,301
Assigned	--	--	153	--	153
Unassigned	(587)	(47,496)	--	--	(59,655)
<b>TOTAL FUND BALANCES</b>	<b>(335)</b>	<b>72,157</b>	<b>618,169</b>	<b>226,450</b>	<b>3,223,366</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,233</b>	<b>\$ 272,005</b>	<b>\$ 757,045</b>	<b>\$ 358,513</b>	<b>\$ 4,073,019</b>

**CITY OF LOS ANGELES**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>Building and Safety Permit</b>	<b>Citywide Recycling</b>	<b>Proposition C Anti-Gridlock Transit Improvement</b>	<b>Special Parking Revenue</b>
<b>REVENUES</b>				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	29,551	--	--
Licenses and Permits	52,899	--	--	--
Intergovernmental	--	--	60,523	--
Charges for Services	159,001	--	16,401	80,282
Services to Enterprise Funds	1,188	--	--	--
Fines	--	--	--	--
Special Assessments	52	--	--	--
Investment Earnings	2,604	407	1,008	581
Change in Fair Value of Investments	(2,578)	(491)	(420)	(382)
Program Income	--	--	--	--
Other	--	--	--	1,795
<b>TOTAL REVENUES</b>	<b>213,166</b>	<b>29,467</b>	<b>77,512</b>	<b>82,276</b>
<b>EXPENDITURES</b>				
Current				
General Government	--	--	--	--
Protection of Persons and Property	149,026	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	30,596	--	--
Transportation	--	--	67,373	36,301
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	7,017	141	--	4,654
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<b>156,043</b>	<b>30,737</b>	<b>67,373</b>	<b>40,955</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>57,123</b>	<b>(1,270)</b>	<b>10,139</b>	<b>41,321</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	29	--	--	--
Transfers Out	(108)	--	(60)	(28,342)
Loans from HUD	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(79)</b>	<b>--</b>	<b>(60)</b>	<b>(28,342)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>57,044</b>	<b>(1,270)</b>	<b>10,079</b>	<b>12,979</b>
FUND BALANCES, JULY 1	186,977	46,402	39,756	(24,551)
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 244,021</b>	<b>\$ 45,132</b>	<b>\$ 49,835</b>	<b>\$ (11,572)</b>

Continued...

CITY OF LOS ANGELES

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - (Continued)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>Stormwater Pollution Abatement</b>	<b>Street Lighting Maintenance Assessment</b>	<b>Proposition A Local Transit Assistance</b>	<b>Low and Moderate Income Housing*</b>
<b>REVENUES</b>				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--
Licenses and Permits	--	964	--	--
Intergovernmental	3,639	8,536	126,572	--
Charges for Services	30,369	874	12,945	--
Services to Enterprise Funds	--	--	--	--
Fines	26	--	--	--
Special Assessments	157	45,782	--	--
Investment Earnings	333	--	2,967	503
Change in Fair Value of Investments	(342)	--	(3,550)	(513)
Program Income	--	--	--	7,616
Other	253	1,547	883	2,494
<b>TOTAL REVENUES</b>	<b>34,435</b>	<b>57,703</b>	<b>139,817</b>	<b>10,100</b>
<b>EXPENDITURES</b>				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	48,483	--	--
Health and Sanitation	37,785	--	--	--
Transportation	--	--	113,768	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	(42,298)
Capital Outlay	3,293	6,056	22,450	60
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<b>41,078</b>	<b>54,539</b>	<b>136,218</b>	<b>(42,238)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,643)</b>	<b>3,164</b>	<b>3,599</b>	<b>52,338</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	120	104	3,631	--
Transfers Out	(15)	(61)	(3,485)	(172)
Loans from HUD	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>105</b>	<b>43</b>	<b>146</b>	<b>(172)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(6,538)</b>	<b>3,207</b>	<b>3,745</b>	<b>52,166</b>
FUND BALANCES, JULY 1	10,401	2,462	260,186	402,741
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 3,863</b>	<b>\$ 5,669</b>	<b>\$ 263,931</b>	<b>\$ 454,907</b>

Continued...

\* The negative expenditures reported in Low and Moderate Income Housing Fund is due to the reduction in allowance for uncollectible loans receivable.

**CITY OF LOS ANGELES**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - (Continued)**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<u>Grant Funds</u>				
	<u>Measure R Local Return</u>	<u>Recreation and Parks</u>	<u>Solid Waste Resources</u>	<u>Special Gas Tax Street Improvement</u>	<u>Community Development</u>
<b>REVENUES</b>					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--	--
Licenses and Permits	--	2,154	--	--	--
Intergovernmental	47,629	--	1,755	87,546	47,645
Charges for Services	--	123,660	300,118	--	--
Services to Enterprise Funds	--	--	5,679	--	--
Fines	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	607	3,372	2,607	136	231
Change in Fair Value of Investments	(705)	(3,821)	(3,044)	(235)	(13)
Program Income	--	--	--	--	6,289
Other	--	3,587	7,661	249	544
<b>TOTAL REVENUES</b>	<u>47,531</u>	<u>128,952</u>	<u>314,776</u>	<u>87,696</u>	<u>54,696</u>
<b>EXPENDITURES</b>					
Current					
General Government	--	--	--	--	--
Protection of Persons and Property	--	--	--	--	--
Public Works	--	--	--	48,999	--
Health and Sanitation	--	--	294,591	--	--
Transportation	45,987	--	--	--	--
Cultural and Recreational Services	--	272,518	--	--	--
Community Development	--	--	--	--	33,501
Capital Outlay	3,189	18,231	33,216	3,724	--
Debt Service					
Principal	--	--	--	--	3,981
Interest	--	--	--	--	194
<b>TOTAL EXPENDITURES</b>	<u>49,176</u>	<u>290,749</u>	<u>327,807</u>	<u>52,723</u>	<u>37,676</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,645)</u>	<u>(161,797)</u>	<u>(13,031)</u>	<u>34,973</u>	<u>17,020</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	--	182,280	975	323	165
Transfers Out	(3,788)	(8,360)	(41,891)	(191)	--
Loans from HUD	--	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,788)</u>	<u>173,920</u>	<u>(40,916)</u>	<u>132</u>	<u>165</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(5,433)</u>	<u>12,123</u>	<u>(53,947)</u>	<u>35,105</u>	<u>17,185</u>
FUND BALANCES, JULY 1	<u>70,560</u>	<u>269,159</u>	<u>258,102</u>	<u>(13,271)</u>	<u>146,986</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 65,127</u>	<u>\$ 281,282</u>	<u>\$ 204,155</u>	<u>\$ 21,834</u>	<u>\$ 164,171</u>

Continued...

CITY OF LOS ANGELES

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - (Continued)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<u>Grant Funds</u>			
	<u>Section 108 Loan Guarantee Program</u>	<u>Home Investment Partnership Program</u>	<u>Seismic Bond Reimbursement</u>	<u>Transportation</u>
<b>REVENUES</b>				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--
Licenses and Permits	--	--	--	--
Intergovernmental	742	27,471	8,007	45,723
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Fines	--	--	--	--
Special Assessments	--	--	--	--
Investment Earnings	8	--	253	133
Change in Fair Value of Investments	--	(108)	(281)	(757)
Program Income	13,674	6,101	--	--
Other	--	21	554	579
<b>TOTAL REVENUES</b>	<u>14,424</u>	<u>33,485</u>	<u>8,533</u>	<u>45,678</u>
<b>EXPENDITURES</b>				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	10,279	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	13,103
Cultural and Recreational Services	--	--	--	--
Community Development	1,078	(49,414)	--	--
Capital Outlay	--	--	4,797	14,880
Debt Service				
Principal	26,207	--	--	--
Interest	2,088	--	--	--
<b>TOTAL EXPENDITURES</b>	<u>29,373</u>	<u>(49,414)</u>	<u>15,076</u>	<u>27,983</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(14,949)</u>	<u>82,899</u>	<u>(6,543)</u>	<u>17,695</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	--	10	--	915
Transfers Out	--	--	--	--
Loans from HUD	1,827	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,827</u>	<u>10</u>	<u>--</u>	<u>915</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(13,122)</u>	<u>82,909</u>	<u>(6,543)</u>	<u>18,610</u>
FUND BALANCES, JULY 1	<u>133,211</u>	<u>236,527</u>	<u>24,237</u>	<u>38,741</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 120,089</u>	<u>\$ 319,436</u>	<u>\$ 17,694</u>	<u>\$ 57,351</u>

Continued...

\* The negative expenditures reported in Home Investment Partnership Program Fund is due to the reduction in allowance for uncollectible loans receivable.

**CITY OF LOS ANGELES**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - (Continued)**

**Nonmajor Special Revenue Funds**

**For the Fiscal Year Ended June 30, 2017**

**(amounts expressed in thousands)**

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Innovation Opportunity Act	Nonmajor Other Grant Funds			
<b>REVENUES</b>					
Property Taxes	\$ --	\$ --	\$ 16,621	\$ 619	\$ 17,240
Other Taxes	--	--	40,861	4,304	74,716
Licenses and Permits	--	--	35	3,888	59,940
Intergovernmental	41,133	184,953	68,938	15,275	776,087
Charges for Services	--	9,026	166,295	60,123	959,094
Services to Enterprise Funds	--	--	--	38	6,905
Fines	--	--	5,545	420	5,991
Special Assessments	--	--	65,703	7,997	119,691
Investment Earnings	30	1,749	4,876	2,745	25,150
Change in Fair Value of Investments	(44)	(1,895)	(5,306)	(2,830)	(27,315)
Program Income	--	311	634	2,116	36,741
Other	40	10,808	30,370	460	61,845
<b>TOTAL REVENUES</b>	<b>41,159</b>	<b>204,952</b>	<b>394,572</b>	<b>95,155</b>	<b>2,116,085</b>
<b>EXPENDITURES</b>					
Current					
General Government	--	4,841	14,141	166	19,148
Protection of Persons and Property	--	83,478	140,663	14,690	387,857
Public Works	--	15,040	21,338	2,103	146,242
Health and Sanitation	--	6,713	9,177	4,992	383,854
Transportation	--	16,485	7,981	3,924	304,922
Cultural and Recreational Services	--	756	205,034	--	478,308
Community Development	40,213	39,913	119,498	24,103	166,594
Capital Outlay	--	80,867	24,894	261	227,730
Debt Service					
Principal	--	--	--	--	30,188
Interest	--	--	--	--	2,282
<b>TOTAL EXPENDITURES</b>	<b>40,213</b>	<b>248,093</b>	<b>542,726</b>	<b>50,239</b>	<b>2,147,125</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>946</b>	<b>(43,141)</b>	<b>(148,154)</b>	<b>44,916</b>	<b>(31,040)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	--	9,409	236,247	21,741	455,949
Transfers Out	--	(899)	(14,302)	(20,120)	(121,794)
Loans from HUD	--	--	--	--	1,827
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>--</b>	<b>8,510</b>	<b>221,945</b>	<b>1,621</b>	<b>335,982</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>946</b>	<b>(34,631)</b>	<b>73,791</b>	<b>46,537</b>	<b>304,942</b>
FUND BALANCES, JULY 1	(1,281)	106,788	544,378	179,913	2,918,424
<b>FUND BALANCES, JUNE 30</b>	<b>\$ (335)</b>	<b>\$ 72,157</b>	<b>\$ 618,169</b>	<b>\$ 226,450</b>	<b>\$ 3,223,366</b>

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Building and Safety Permit</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b> <b>(Budgetary</b> <b>Basis)</b>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	42,064	42,064	52,897	10,833
Intergovernmental	--	--	--	--
Charges for Services	101,457	101,457	158,675	57,218
Services to Enterprise Funds	800	800	1,188	388
Special Assessments	--	--	--	--
Interest	837	837	2,417	1,580
Program Income	--	--	--	--
Other	--	--	2	2
Total Revenues	<u>145,158</u>	<u>145,158</u>	<u>215,179</u>	<u>70,021</u>
Other Financing Sources				
Transfers from Other Funds	--	--	30	30
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>145,158</u>	<u>145,158</u>	<u>215,209</u>	<u>70,051</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	485,795	302,098	65,815	236,283
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>485,795</u>	<u>302,098</u>	<u>65,815</u>	<u>236,283</u>
Other Financing Uses				
Transfers to Other Funds	150,952	141,712	98,318	43,394
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>636,747</u>	<u>443,810</u>	<u>164,133</u>	<u>279,677</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(491,589)	(298,652)	51,076	349,728
FUND BALANCES (DEFICIT), JULY 1	118,660	118,660	176,568	57,908
Appropriation of Fund Balances and Carryforward				
Appropriations	372,929	179,515	--	(179,515)
Encumbrances Lapsed	--	477	477	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 228,121</u>	<u>\$ 228,121</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Citywide Recycling</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b> <b>(Budgetary</b> <b>Basis)</b>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 22,000	\$ 22,000	\$ 29,071	\$ 7,071
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	350	350	404	54
Program Income	--	--	--	--
Other	--	--	4	4
Total Revenues	<u>22,350</u>	<u>22,350</u>	<u>29,479</u>	<u>7,129</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>22,350</u>	<u>22,350</u>	<u>29,479</u>	<u>7,129</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	61,112	46,669	20,640	26,029
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>61,112</u>	<u>46,669</u>	<u>20,640</u>	<u>26,029</u>
Other Financing Uses				
Transfers to Other Funds	20,291	15,545	9,290	6,255
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>81,403</u>	<u>62,214</u>	<u>29,930</u>	<u>32,284</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(59,053)	(39,864)	(451)	39,413
FUND BALANCES (DEFICIT), JULY 1	31,071	31,071	30,102	(969)
Appropriation of Fund Balances and Carryforward				
Appropriations	27,982	7,732	--	(7,732)
Encumbrances Lapsed	--	1,061	1,061	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 30,712</u>	<u>\$ 30,712</u>

Continued...



**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Proposition C Anti-Gridlock Transit Improvement</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	59,070	59,070	60,686	1,616
Charges for Services	15,306	15,306	17,152	1,846
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	858	858	743	(115)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>75,234</u>	<u>75,234</u>	<u>78,581</u>	<u>3,347</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>75,234</u>	<u>75,234</u>	<u>78,581</u>	<u>3,347</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	45,944	43,846	23,446	20,400
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	3,981	1,910	17	1,893
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>49,925</u>	<u>45,756</u>	<u>23,463</u>	<u>22,293</u>
Other Financing Uses				
Transfers to Other Funds	71,278	58,278	48,191	10,087
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>121,203</u>	<u>104,034</u>	<u>71,654</u>	<u>32,380</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(45,969)	(28,800)	6,927	35,727
FUND BALANCES (DEFICIT), JULY 1	10,768	10,768	27,488	16,720
Appropriation of Fund Balances and Carryforward				
Appropriations	35,201	16,467	--	(16,467)
Encumbrances Lapsed	--	1,565	1,565	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 35,980</u>	<u>\$ 35,980</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Special Parking Revenue</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	52,036	52,036	51,830	(206)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	629	629	586	(43)
Program Income	--	--	--	--
Other	--	--	1,811	1,811
Total Revenues	<u>52,665</u>	<u>52,665</u>	<u>54,227</u>	<u>1,562</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>52,665</u>	<u>52,665</u>	<u>54,227</u>	<u>1,562</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	58,918	58,770	32,788	25,982
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	10,385	10,385	4,610	5,775
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>69,303</u>	<u>69,155</u>	<u>37,398</u>	<u>31,757</u>
Other Financing Uses				
Transfers to Other Funds	9,291	9,507	7,385	2,122
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>78,594</u>	<u>78,662</u>	<u>44,783</u>	<u>33,879</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(25,929)	(25,997)	9,444	35,441
FUND BALANCES (DEFICIT), JULY 1	2,322	2,322	22,708	20,386
Appropriation of Fund Balances and Carryforward				
Appropriations	23,607	23,132	--	(23,132)
Encumbrances Lapsed	--	543	543	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 32,695</u>	<u>\$ 32,695</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Stormwater Pollution Abatement</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	26	26
Intergovernmental	2,123	2,123	4,052	1,929
Charges for Services	32,437	32,437	30,368	(2,069)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	141	141	327	186
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>34,701</u>	<u>34,701</u>	<u>34,773</u>	<u>72</u>
Other Financing Sources				
Transfers from Other Funds	--	--	120	120
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>34,701</u>	<u>34,701</u>	<u>34,893</u>	<u>192</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	38,261	45,573	17,291	28,282
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	2,447	3,029	2,426	603
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>40,708</u>	<u>48,602</u>	<u>19,717</u>	<u>28,885</u>
Other Financing Uses				
Transfers to Other Funds	23,712	23,115	18,957	4,158
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>64,420</u>	<u>71,717</u>	<u>38,674</u>	<u>33,043</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(29,719)	(37,016)	(3,781)	33,235
FUND BALANCES (DEFICIT), JULY 1	20,304	20,304	21,757	1,453
Appropriation of Fund Balances and Carryforward				
Appropriations	9,415	16,696	--	(16,696)
Encumbrances Lapsed	--	16	16	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,992</u>	<u>\$ 17,992</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Street Lighting Maintenance Assessment</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b> <b>(Budgetary</b> <b>Basis)</b>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	1,547	1,547	964	(583)
Intergovernmental	236	236	8,592	8,356
Charges for Services	3,497	3,497	874	(2,623)
Services to Enterprise Funds	--	--	--	--
Special Assessments	45,350	45,350	45,386	36
Interest	--	--	--	--
Program Income	--	--	--	--
Other	1,585	1,585	1,473	(112)
Total Revenues	<u>52,215</u>	<u>52,215</u>	<u>57,289</u>	<u>5,074</u>
Other Financing Sources				
Transfers from Other Funds	--	--	103	103
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>52,215</u>	<u>52,215</u>	<u>57,392</u>	<u>5,177</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	42,282	44,489	21,834	22,655
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	6,652	6,924	3,910	3,014
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>48,934</u>	<u>51,413</u>	<u>25,744</u>	<u>25,669</u>
Other Financing Uses				
Transfers to Other Funds	42,065	41,940	34,121	7,819
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>90,999</u>	<u>93,353</u>	<u>59,865</u>	<u>33,488</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(38,784)	(41,138)	(2,473)	38,665
FUND BALANCES (DEFICIT), JULY 1	13,946	13,946	(125)	(14,071)
Appropriation of Fund Balances and Carryforward				
Appropriations	24,838	27,178	--	(27,178)
Encumbrances Lapsed	--	14	14	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (2,584)</u>	<u>\$ (2,584)</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Proposition A Local Transit Assistance Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	124,560	124,560	126,922	2,362
Charges for Services	14,425	14,425	10,661	(3,764)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	2,411	2,411	2,811	400
Program Income	--	--	--	--
Other	1,525	1,525	884	(641)
Total Revenues	<u>142,921</u>	<u>142,921</u>	<u>141,278</u>	<u>(1,643)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	3,631	3,631
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>142,921</u>	<u>142,921</u>	<u>144,909</u>	<u>1,988</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	597,965	349,148	144,177	204,971
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>597,965</u>	<u>349,148</u>	<u>144,177</u>	<u>204,971</u>
Other Financing Uses				
Transfers to Other Funds	15,140	19,929	11,484	8,445
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>613,105</u>	<u>369,077</u>	<u>155,661</u>	<u>213,416</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(470,184)	(226,156)	(10,752)	215,404
FUND BALANCES (DEFICIT), JULY 1	66,215	66,215	227,644	161,429
Appropriation of Fund Balances and Carryforward				
Appropriations	403,969	153,765	--	(153,765)
Encumbrances Lapsed	--	6,176	6,176	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 223,068</u>	<u>\$ 223,068</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Measure R Local Return</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	45,000	45,484	47,393	1,909
Charges for Services	640	640	--	(640)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	425	425	629	204
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>46,065</u>	<u>46,549</u>	<u>48,022</u>	<u>1,473</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>46,065</u>	<u>46,549</u>	<u>48,022</u>	<u>1,473</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current	--	--	--	--
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	58,520	55,004	15,129	39,875
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	5,573	8,231	2,600	5,631
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>64,093</u>	<u>63,235</u>	<u>17,729</u>	<u>45,506</u>
Other Financing Uses				
Transfers to Other Funds	41,103	38,789	36,365	2,424
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>105,196</u>	<u>102,024</u>	<u>54,094</u>	<u>47,930</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(59,131)	(55,475)	(6,072)	49,403
FUND BALANCES (DEFICIT), JULY 1	15,727	15,727	51,313	35,586
Appropriation of Fund Balances and Carryforward				
Appropriations	43,404	39,591	--	(39,591)
Encumbrances Lapsed	--	157	157	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 45,398</u>	<u>\$ 45,398</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Solid Waste Resources</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b> <b>(Budgetary</b> <b>Basis)</b>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	4,646	4,646	1,844	(2,802)
Charges for Services	298,121	298,121	308,639	10,518
Services to Enterprise Funds	4,700	4,700	5,682	982
Special Assessments	--	--	--	--
Interest	1,890	1,890	2,696	806
Program Income	--	--	--	--
Other	1,250	1,250	7,694	6,444
Total Revenues	<u>310,607</u>	<u>310,607</u>	<u>326,555</u>	<u>15,948</u>
Other Financing Sources				
Transfers from Other Funds	3,065	3,065	975	(2,090)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>313,672</u>	<u>313,672</u>	<u>327,530</u>	<u>13,858</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current	--	--	--	--
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	360,651	331,639	202,291	129,348
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	3,368	3,368	3,368	--
Debt Service				
Principal	30,540	30,540	30,540	--
Interest	9,067	9,067	9,067	--
Total Expenditures	<u>403,626</u>	<u>374,614</u>	<u>245,266</u>	<u>129,348</u>
Other Financing Uses				
Transfers to Other Funds	151,941	147,725	142,435	5,290
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>555,567</u>	<u>522,339</u>	<u>387,701</u>	<u>134,638</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(241,895)	(208,667)	(60,171)	148,496
FUND BALANCES (DEFICIT), JULY 1	124,655	124,655	159,705	35,050
Appropriation of Fund Balances and Carryforward				
Appropriations	117,240	71,366	--	(71,366)
Encumbrances Lapsed	--	12,646	12,646	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 112,180</u>	<u>\$ 112,180</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Special Gas Tax Street Improvement</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	91,860	91,860	87,546	(4,314)
Charges for Services	34	34	--	(34)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	300	300	169	(131)
Program Income	--	--	--	--
Other	--	--	249	249
Total Revenues	<u>92,194</u>	<u>92,194</u>	<u>87,964</u>	<u>(4,230)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	323	323
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>92,194</u>	<u>92,194</u>	<u>88,287</u>	<u>(3,907)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	1,485	14,154	1,882	12,272
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	295	3,842	865	2,977
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>1,780</u>	<u>17,996</u>	<u>2,747</u>	<u>15,249</u>
Other Financing Uses				
Transfers to Other Funds	109,521	93,779	89,422	4,357
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>111,301</u>	<u>111,775</u>	<u>92,169</u>	<u>19,606</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(19,107)	(19,581)	(3,882)	15,699
FUND BALANCES (DEFICIT), JULY 1	42	42	13,060	13,018
Appropriation of Fund Balances and Carryforward				
Appropriations	19,065	18,931	--	(18,931)
Encumbrances Lapsed	--	608	608	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,786</u>	<u>\$ 9,786</u>

Continued...



**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Community Development</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	21,910	66,334	47,645	(18,689)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	29	29
Program Income	--	--	13,809	13,809
Other	--	--	543	543
Total Revenues	<u>21,910</u>	<u>66,334</u>	<u>62,026</u>	<u>(4,308)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>21,910</u>	<u>66,334</u>	<u>62,026</u>	<u>(4,308)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	85,218	120,965	48,938	72,027
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>85,218</u>	<u>120,965</u>	<u>48,938</u>	<u>72,027</u>
Other Financing Uses				
Transfers to Other Funds	21,136	26,652	18,317	8,335
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>106,354</u>	<u>147,617</u>	<u>67,255</u>	<u>80,362</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(84,444)	(81,283)	(5,229)	76,054
FUND BALANCES (DEFICIT), JULY 1	--	--	(17,500)	(17,500)
Appropriation of Fund Balances and Carryforward				
Appropriations	84,444	80,163	--	(80,163)
Encumbrances Lapsed	--	1,120	1,120	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (21,609)</u>	<u>\$ (21,609)</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Home Investment Partnership Program</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	5,625	32,627	24,014	(8,613)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	4	4
Program Income	--	--	10,009	10,009
Other	--	--	10	10
Total Revenues	<u>5,625</u>	<u>32,627</u>	<u>34,037</u>	<u>1,410</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>5,625</u>	<u>32,627</u>	<u>34,037</u>	<u>1,410</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	66,636	94,351	35,413	58,938
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>66,636</u>	<u>94,351</u>	<u>35,413</u>	<u>58,938</u>
Other Financing Uses				
Transfers to Other Funds	4,178	4,449	3,502	947
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>70,814</u>	<u>98,800</u>	<u>38,915</u>	<u>59,885</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(65,189)	(66,173)	(4,878)	61,295
FUND BALANCES (DEFICIT), JULY 1	--	--	(16,780)	(16,780)
Appropriation of Fund Balances and Carryforward				
Appropriations	65,189	65,568	--	(65,568)
Encumbrances Lapsed	--	605	605	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (21,053)</u>	<u>\$ (21,053)</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Workforce Investment Act</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	19,046	21,466	601	(20,865)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	15	15
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>19,046</u>	<u>21,466</u>	<u>616</u>	<u>(20,850)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>19,046</u>	<u>21,466</u>	<u>616</u>	<u>(20,850)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	78,709	81,208	273	80,935
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>78,709</u>	<u>81,208</u>	<u>273</u>	<u>80,935</u>
Other Financing Uses				
Transfers to Other Funds	29,052	29,169	--	29,169
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>107,761</u>	<u>110,377</u>	<u>273</u>	<u>110,104</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(88,715)	(88,911)	343	89,254
FUND BALANCES (DEFICIT), JULY 1	--	--	(8,673)	(8,673)
Appropriation of Fund Balances and Carryforward				
Appropriations	88,715	88,716	--	(88,716)
Encumbrances Lapsed	--	195	195	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (8,135)</u>	<u>\$ (8,135)</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Nonmajor Other Grant Fund - Disaster Assistance</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	27,430	27,430	27,448	18
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	250	250	311	61
Program Income	--	--	--	--
Other	--	--	--	--
<b>Total Revenues</b>	<b>27,680</b>	<b>27,680</b>	<b>27,759</b>	<b>79</b>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>27,680</b>	<b>27,680</b>	<b>27,759</b>	<b>79</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	224,990	266,128	41,138	224,990
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
<b>Total Expenditures</b>	<b>224,990</b>	<b>266,128</b>	<b>41,138</b>	<b>224,990</b>
Other Financing Uses				
Transfers to Other Funds	716	716	505	211
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>225,706</b>	<b>266,844</b>	<b>41,643</b>	<b>225,201</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	(198,026)	(239,164)	(13,884)	225,280
FUND BALANCES (DEFICIT), JULY 1	33,125	33,125	26,655	(6,470)
Appropriation of Fund Balances and Carryforward				
Appropriations	164,901	206,039	--	(206,039)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 12,771</b>	<b>\$ 12,771</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Nonmajor Other Grant Fund - Community Services Block Grant</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	1,460	6,184	6,153	(31)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	13	13
Program Income	--	--	--	--
Other	--	--	3	3
Total Revenues	<u>1,460</u>	<u>6,184</u>	<u>6,169</u>	<u>(15)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>1,460</u>	<u>6,184</u>	<u>6,169</u>	<u>(15)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	5,078	9,416	9,181	235
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>5,078</u>	<u>9,416</u>	<u>9,181</u>	<u>235</u>
Other Financing Uses				
Transfers to Other Funds	2,461	1,340	1,264	76
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>7,539</u>	<u>10,756</u>	<u>10,445</u>	<u>311</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(6,079)	(4,572)	(4,276)	296
FUND BALANCES (DEFICIT), JULY 1	--	--	1,104	1,104
Appropriation of Fund Balances and Carryforward				
Appropriations	6,079	4,308	--	(4,308)
Encumbrances Lapsed	--	264	264	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (2,908)</u>	<u>\$ (2,908)</u>

Continued...

CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Forfeited Assets Trust of Police Department			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	4,605	4,605
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	142	142
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	4,747	4,747
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	--	--	4,747	4,747
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	6,504	6,348	3,458	2,890
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	6,504	6,348	3,458	2,890
Other Financing Uses				
Transfers to Other Funds	146	218	87	131
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	6,650	6,566	3,545	3,021
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(6,650)	(6,566)	1,202	7,768
FUND BALANCES (DEFICIT), JULY 1	3,672	3,672	8,009	4,337
Appropriation of Fund Balances and Carryforward				
Appropriations	2,978	2,785	--	(2,785)
Encumbrances Lapsed	--	109	109	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	\$ --	\$ --	\$ 9,320	\$ 9,320

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Nonmajor Other Grant Fund - Household Hazardous Waste</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	2,837	2,837	2,406	(431)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	98	98
Special Assessments	--	--	--	--
Interest	28	28	28	--
Program Income	--	--	--	--
Other	528	528	--	(528)
Total Revenues	<u>3,393</u>	<u>3,393</u>	<u>2,532</u>	<u>(861)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>3,393</u>	<u>3,393</u>	<u>2,532</u>	<u>(861)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	4,450	3,170	773	2,397
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>4,450</u>	<u>3,170</u>	<u>773</u>	<u>2,397</u>
Other Financing Uses				
Transfers to Other Funds	3,103	2,856	2,016	840
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>7,553</u>	<u>6,026</u>	<u>2,789</u>	<u>3,237</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	(4,160)	(2,633)	(257)	2,376
FUND BALANCES (DEFICIT), JULY 1	2,383	2,383	2,245	(138)
Appropriation of Fund Balances and Carryforward				
Appropriations	1,777	250	--	(250)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,988</u>	<u>\$ 1,988</u>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Housing Opportunities for Persons with AIDS			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	411	24,602	12,416	(12,186)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	32	32
Other	--	--	(35)	(35)
Total Revenues	411	24,602	12,413	(12,189)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	411	24,602	12,413	(12,189)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	27,904	49,594	13,776	35,818
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	27,904	49,594	13,776	35,818
Other Financing Uses				
Transfers to Other Funds	258	258	176	82
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	28,162	49,852	13,952	35,900
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(27,751)	(25,250)	(1,539)	23,711
FUND BALANCES (DEFICIT), JULY 1	--	--	(4,752)	(4,752)
Appropriation of Fund Balances and Carryforward				
Appropriations	27,751	21,550	--	(21,550)
Encumbrances Lapsed	--	3,700	3,700	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	\$ --	\$ --	\$ (2,591)	\$ (2,591)

Continued...



**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Nonmajor Other Grant Fund - Mobile Source Air Pollution Reduction</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	4,700	4,700	5,231	531
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	40	40	57	17
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>4,740</u>	<u>4,740</u>	<u>5,288</u>	<u>548</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>4,740</u>	<u>4,740</u>	<u>5,288</u>	<u>548</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	5,482	5,394	1,821	3,573
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>5,482</u>	<u>5,394</u>	<u>1,821</u>	<u>3,573</u>
Other Financing Uses				
Transfers to Other Funds	2,779	3,019	1,823	1,196
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>8,261</u>	<u>8,413</u>	<u>3,644</u>	<u>4,769</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(3,521)	(3,673)	1,644	5,317
FUND BALANCES (DEFICIT), JULY 1	695	695	3,515	2,820
Appropriation of Fund Balances and Carryforward				
Appropriations	2,826	2,978	--	(2,978)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,159</u>	<u>\$ 5,159</u>

Continued...

CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Older Americans Act			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	2,827	16,452	14,956	(1,496)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>2,827</u>	<u>16,452</u>	<u>14,956</u>	<u>(1,496)</u>
Other Financing Sources				
Transfers from Other Funds	--	3,277	3,695	418
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>2,827</u>	<u>19,729</u>	<u>18,651</u>	<u>(1,078)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	9,547	27,451	17,225	10,226
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>9,547</u>	<u>27,451</u>	<u>17,225</u>	<u>10,226</u>
Other Financing Uses				
Transfers to Other Funds	8,535	8,667	2,230	6,437
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>18,082</u>	<u>36,118</u>	<u>19,455</u>	<u>16,663</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(15,255)	(16,389)	(804)	15,585
FUND BALANCES (DEFICIT), JULY 1	--	--	1,446	1,446
Appropriation of Fund Balances and Carryforward				
Appropriations	15,255	15,255	--	(15,255)
Encumbrances Lapsed	--	1,134	1,134	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,776</u>	<u>\$ 1,776</u>

Continued...

CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Supplemental Law Enforcement Services			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	6,345	6,345	8,956	2,611
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	62	62	203	141
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>6,407</u>	<u>6,407</u>	<u>9,159</u>	<u>2,752</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>6,407</u>	<u>6,407</u>	<u>9,159</u>	<u>2,752</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	66	66	--	66
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>66</u>	<u>66</u>	<u>--</u>	<u>66</u>
Other Financing Uses				
Transfers to Other Funds	21,846	21,846	10,427	11,419
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>21,912</u>	<u>21,912</u>	<u>10,427</u>	<u>11,485</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(15,505)	(15,505)	(1,268)	14,237
FUND BALANCES (DEFICIT), JULY 1	2,929	2,929	11,874	8,945
Appropriation of Fund Balances and Carryforward				
Appropriations	12,576	12,576	--	(12,576)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,606</u>	<u>\$ 10,606</u>

Continued...

CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Arts and Cultural Facilities and Services			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	771	1,115	968	(147)
Special Assessments	--	--	--	--
Interest	20	20	39	19
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	791	1,135	1,007	(128)
Other Financing Sources				
Transfers from Other Funds	18,523	18,523	18,523	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	19,314	19,658	19,530	(128)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	6,764	7,052	4,880	2,172
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	6,764	7,052	4,880	2,172
Other Financing Uses				
Transfers to Other Funds	18,957	19,156	12,640	6,516
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	25,721	26,208	17,520	8,688
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(6,407)	(6,550)	2,010	8,560
FUND BALANCES (DEFICIT), JULY 1	763	763	3,874	3,111
Appropriation of Fund Balances and Carryforward				
Appropriations	5,644	5,783	--	(5,783)
Encumbrances Lapsed	--	4	4	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 5,888</b>	<b>\$ 5,888</b>

Continued...

CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Arts Development Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	1,800	1,880	2,804	924
Special Assessments	--	--	--	--
Interest	147	147	154	7
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>1,947</u>	<u>2,027</u>	<u>2,958</u>	<u>931</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>1,947</u>	<u>2,027</u>	<u>2,958</u>	<u>931</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	15,857	16,265	1,406	14,859
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>15,857</u>	<u>16,265</u>	<u>1,406</u>	<u>14,859</u>
Other Financing Uses				
Transfers to Other Funds	1	244	140	104
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>15,858</u>	<u>16,509</u>	<u>1,546</u>	<u>14,963</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(13,911)	(14,482)	1,412	15,894
FUND BALANCES (DEFICIT), JULY 1	577	577	13,428	12,851
Appropriation of Fund Balances and Carryforward				
Appropriations	13,334	13,885	--	(13,885)
Encumbrances Lapsed	--	20	20	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,860</u>	<u>\$ 14,860</u>

Continued...

CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - City Employees Ridesharing			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	3	3	21	18
Program Income	--	--	--	--
Other	3,193	3,193	3,181	(12)
Total Revenues	3,196	3,196	3,202	6
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	3,196	3,196	3,202	6
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to Other Funds	5,015	4,818	2,622	2,196
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	5,015	4,818	2,622	2,196
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(1,819)	(1,622)	580	2,202
FUND BALANCES (DEFICIT), JULY 1	204	204	1,616	1,412
Appropriation of Fund Balances and Carryforward				
Appropriations	1,615	1,418	--	(1,418)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,196</b>	<b>\$ 2,196</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Nonmajor Other Special Revenue Fund - City of Los Angeles Affordable Housing</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	20,000	20,000	127	(19,873)
Special Assessments	--	--	--	--
Interest	250	250	468	218
Program Income	--	--	786	786
Other	48,879	51,239	2,233	(49,006)
Total Revenues	<u>69,129</u>	<u>71,489</u>	<u>3,614</u>	<u>(67,875)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	1,507	1,507
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>69,129</u>	<u>71,489</u>	<u>5,121</u>	<u>(66,368)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	124,721	128,701	3,842	124,859
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>124,721</u>	<u>128,701</u>	<u>3,842</u>	<u>124,859</u>
Other Financing Uses				
Transfers to Other Funds	1,151	3,094	2,969	125
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>125,872</u>	<u>131,795</u>	<u>6,811</u>	<u>124,984</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(56,743)	(60,306)	(1,690)	58,616
FUND BALANCES (DEFICIT), JULY 1	9,745	9,745	32,004	22,259
Appropriation of Fund Balances and Carryforward				
Appropriations	46,998	48,623	--	(48,623)
Encumbrances Lapsed	--	1,938	1,938	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 32,252</u>	<u>\$ 32,252</u>

Continued...

CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - El Pueblo de Los Angeles Historical Monument			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	2,707	2,707	3,136	429
Special Assessments	--	--	--	--
Interest	12	12	17	5
Program Income	--	--	--	--
Other	2,096	2,096	2,038	(58)
Total Revenues	4,816	4,816	5,191	375
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	4,816	4,816	5,191	375
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	976	976	937	39
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	976	976	937	39
Other Financing Uses				
Transfers to Other Funds	4,015	3,980	3,896	84
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	4,991	4,956	4,833	123
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(175)	(140)	358	498
FUND BALANCES (DEFICIT), JULY 1	67	67	74	7
Appropriation of Fund Balances and Carryforward				
Appropriations	108	73	--	(73)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	\$ --	\$ --	\$ 432	\$ 432

Continued...



CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Landfill Maintenance Trust			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	3,300	3,300	3,598	298
Special Assessments	--	--	--	--
Interest	10	10	5	(5)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>3,310</u>	<u>3,310</u>	<u>3,603</u>	<u>293</u>
Other Financing Sources				
Transfers from Other Funds	1,625	1,625	1,625	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>4,935</u>	<u>4,935</u>	<u>5,228</u>	<u>293</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	372	200	200	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>372</u>	<u>200</u>	<u>200</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	4,970	4,902	4,300	602
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>5,342</u>	<u>5,102</u>	<u>4,500</u>	<u>602</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(407)	(167)	728	895
FUND BALANCES (DEFICIT), JULY 1	140	140	17	(123)
Appropriation of Fund Balances and Carryforward				
Appropriations	266	(24)	--	24
Encumbrances Lapsed	--	50	50	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 795</u>	<u>\$ 795</u>

Continued...

CITY OF LOS ANGELES  
Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Local Public Safety			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	42,829	42,829	42,117	(712)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	42,829	42,829	42,117	(712)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	42,829	42,829	42,117	(712)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to Other Funds	63,126	61,456	41,916	19,540
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	63,126	61,456	41,916	19,540
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(20,297)	(18,627)	201	18,828
FUND BALANCES (DEFICIT), JULY 1	757	757	--	(757)
Appropriation of Fund Balances and Carryforward				
Appropriations	19,540	17,870	--	(17,870)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 201</b>	<b>\$ 201</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2017  
 (amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Los Angeles Convention and Visitors Bureau			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 18,523	\$ 18,523	\$ 20,438	\$ 1,915
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	18,523	18,523	20,438	1,915
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>18,523</b>	<b>18,523</b>	<b>20,438</b>	<b>1,915</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	30,854	30,854	19,293	11,561
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	30,854	30,854	19,293	11,561
Other Financing Uses				
Transfers to Other Funds	3,071	3,071	182	2,889
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>33,925</b>	<b>33,925</b>	<b>19,475</b>	<b>14,450</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(15,402)	(15,402)	963	16,365
FUND BALANCE (DEFICIT), JULY 1	2,822	2,822	3,366	544
Appropriation of Fund Balances and Carryforward				
Appropriations	12,580	12,580	--	(12,580)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 4,329</b>	<b>\$ 4,329</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Multi-Family Bulky Item Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	6,500	6,500	7,195	695
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	80	80	87	7
Program Income	--	--	--	--
Other	--	--	10	10
Total Revenues	6,580	6,580	7,292	712
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>6,580</b>	<b>6,580</b>	<b>7,292</b>	<b>712</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	13,376	10,853	5,290	5,563
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	13,376	10,853	5,290	5,563
Other Financing Uses				
Transfers to Other Funds	4,100	4,093	3,748	345
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>17,476</b>	<b>14,946</b>	<b>9,038</b>	<b>5,908</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(10,896)	(8,366)	(1,746)	6,620
FUND BALANCE (DEFICIT), JULY 1	5,403	5,403	7,064	1,661
Appropriation of Fund Balances and Carryforward				
Appropriations	5,493	2,933	--	(2,933)
Encumbrances Lapsed	--	30	30	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 5,348</b>	<b>\$ 5,348</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Municipal Housing Finance			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	2,465	2,465	3,938	1,473
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	30	30	44	14
Program Income	400	400	413	13
Other	17	17	13	(4)
Total Revenues	2,912	2,912	4,408	1,496
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	2,912	2,912	4,408	1,496
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	1,767	1,857	1,417	440
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,767	1,857	1,417	440
Other Financing Uses				
Transfers to Other Funds	2,680	3,116	3,030	86
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	4,447	4,973	4,447	526
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>	(1,535)	(2,061)	(39)	2,022
FUND BALANCE (DEFICIT), JULY 1	966	966	2,075	1,109
Appropriation of Fund Balances and Carryforward				
Appropriations	569	1,051	--	(1,051)
Encumbrances Lapsed	--	44	44	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	\$ --	\$ --	\$ 2,080	\$ 2,080

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Planning Case Processing Special Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	25,704	25,704	28,653	2,949
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	120	120	201	81
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	25,824	25,824	28,854	3,030
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>25,824</b>	<b>25,824</b>	<b>28,854</b>	<b>3,030</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	20,920	15,491	13,283	2,208
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	20,920	15,491	13,283	2,208
Other Financing Uses				
Transfers to Other Funds	23,558	20,403	18,797	1,606
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>44,478</b>	<b>35,894</b>	<b>32,080</b>	<b>3,814</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(18,654)	(10,070)	(3,226)	6,844
FUND BALANCE (DEFICIT), JULY 1	11,531	11,531	8,918	(2,613)
Appropriation of Fund Balances and Carryforward				
Appropriations	7,123	(1,461)	--	1,461
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 5,692</b>	<b>\$ 5,692</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Rent Stabilization			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	12,582	12,582	14,141	1,559
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	18	18
Total Revenues	12,582	12,582	14,159	1,577
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>12,582</b>	<b>12,582</b>	<b>14,159</b>	<b>1,577</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	53,360	20,628	6,013	14,615
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	53,360	20,628	6,013	14,615
Other Financing Uses				
Transfers to Other Funds	19,006	12,221	8,252	3,969
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>72,366</b>	<b>32,849</b>	<b>14,265</b>	<b>18,584</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(59,784)	(20,267)	(106)	20,161
FUND BALANCE (DEFICIT), JULY 1	13,340	13,340	12,649	(691)
Appropriation of Fund Balances and Carryforward				
Appropriations	46,444	6,874	--	(6,874)
Encumbrances Lapsed	--	53	53	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 12,596</b>	<b>\$ 12,596</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Street Damage Restoration Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	10,578	9,878	10,202	324
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	5	5	9	4
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	10,583	9,883	10,211	328
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>10,583</b>	<b>9,883</b>	<b>10,211</b>	<b>328</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	4,144	4,144	1,458	2,686
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	4,144	4,144	1,458	2,686
Other Financing Uses				
Transfers to Other Funds	10,250	9,550	7,998	1,552
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>14,394</b>	<b>13,694</b>	<b>9,456</b>	<b>4,238</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(3,811)	(3,811)	755	4,566
FUND BALANCE (DEFICIT), JULY 1	2	2	745	743
Appropriation of Fund Balances and Carryforward				
Appropriations	3,809	3,809	--	(3,809)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>

Continued...



CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Code Enforcement Trust Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	22	22
Intergovernmental	--	--	--	--
Charges for Services	42,381	42,381	38,211	(4,170)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	500	500	523	23
Program Income	--	--	--	--
Other	--	--	62	62
Total Revenues	42,881	42,881	38,818	(4,063)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>42,881</b>	<b>42,881</b>	<b>38,818</b>	<b>(4,063)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	191,670	65,448	15,147	50,301
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	191,670	65,448	15,147	50,301
Other Financing Uses				
Transfers to Other Funds	44,666	34,166	27,572	6,594
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>236,336</b>	<b>99,614</b>	<b>42,719</b>	<b>56,895</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(193,455)	(56,733)	(3,901)	52,832
FUND BALANCE (DEFICIT), JULY 1	39,656	39,656	37,235	(2,421)
Appropriation of Fund Balances and Carryforward				
Appropriations	153,799	17,050	--	(17,050)
Encumbrances Lapsed	--	27	27	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 33,361</b>	<b>\$ 33,361</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Telecommunications Liquidated Damages and Lost Franchise Fees			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 19,500	\$ 19,500	\$ 18,290	\$ (1,210)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	168	168
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	150	150	10	(140)
Total Revenues	19,650	19,650	18,468	(1,182)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>19,650</b>	<b>19,650</b>	<b>18,468</b>	<b>(1,182)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	55,217	41,551	9,058	32,493
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	55,217	41,551	9,058	32,493
Other Financing Uses				
Transfers to Other Funds	12,863	15,098	13,616	1,482
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>68,080</b>	<b>56,649</b>	<b>22,674</b>	<b>33,975</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(48,430)	(36,999)	(4,206)	32,793
FUND BALANCE (DEFICIT), JULY 1	11,207	11,207	38,235	27,028
Appropriation of Fund Balances and Carryforward				
Appropriations	37,223	25,764	--	(25,764)
Encumbrances Lapsed	--	28	28	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 34,057</b>	<b>\$ 34,057</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Traffic Safety			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	5,054	5,054	4,255	(799)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	5,054	5,054	4,255	(799)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>5,054</b>	<b>5,054</b>	<b>4,255</b>	<b>(799)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to Other Funds	5,054	5,054	4,664	390
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>5,054</b>	<b>5,054</b>	<b>4,664</b>	<b>390</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	--	--	(409)	(409)
FUND BALANCE (DEFICIT), JULY 1	1	1	409	408
Appropriation of Fund Balances and Carryforward				
Appropriations	(1)	(1)	--	1
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2017  
 (amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Zoo			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	11	11
Intergovernmental	--	--	--	--
Charges for Services	20,496	20,955	21,607	652
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	30	30	48	18
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	20,526	20,985	21,666	681
Other Financing Sources				
Transfers from Other Funds	--	--	20	20
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>20,526</b>	<b>20,985</b>	<b>21,686</b>	<b>701</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	7,103	7,562	3,431	4,131
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	7,103	7,562	3,431	4,131
Other Financing Uses				
Transfers to Other Funds	28,196	28,196	18,957	9,239
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>35,299</b>	<b>35,758</b>	<b>22,388</b>	<b>13,370</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(14,773)	(14,773)	(702)	14,071
FUND BALANCE (DEFICIT), JULY 1	2,440	2,440	5,530	3,090
Appropriation of Fund Balances and Carryforward				
Appropriations	12,333	12,333	--	(12,333)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 4,828</b>	<b>\$ 4,828</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2017  
 (amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Sidewalk Repair Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	272	272
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	2	2	73	71
Total Revenues	2	2	345	343
Other Financing Sources				
Transfers from Other Funds	23,304	23,304	23,304	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>23,304</b>	<b>23,304</b>	<b>23,304</b>	<b>--</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>	<b>23,306</b>	<b>23,306</b>	<b>23,649</b>	<b>343</b>
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	12,874	10,657	6,688	3,969
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	2,936	6,728	5,566	1,162
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	15,810	17,385	12,254	5,131
Other Financing Uses				
Transfers to Other Funds	11,515	9,940	9,045	895
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>27,325</b>	<b>27,325</b>	<b>21,299</b>	<b>6,026</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>	(4,019)	(4,019)	2,350	6,369
FUND BALANCE (DEFICIT), JULY 1	--	--	3,532	3,532
Appropriation of Fund Balances and Carryforward				
Appropriations	4,019	4,019	--	(4,019)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 5,882</b>	<b>\$ 5,882</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Allocations from Other Governmental Agencies			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 605	\$ 528	\$ 528	\$ --
Licenses, Permits and Fines	1,732	1,732	1,528	(204)
Intergovernmental	2,865	2,808	5,525	2,717
Charges for Services	24,196	25,053	25,159	106
Services to Enterprise	8	8	38	30
Special Assessments	2,090	2,090	4,086	1,996
Interest	2,560	2,577	1,432	(1,145)
Program Income	5,214	5,213	3,281	(1,932)
Other	313	313	169	(144)
Total Revenues	39,583	40,322	41,746	1,424
Other Financing Sources				
Transfers from Other Funds	579	579	--	(579)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>40,162</b>	<b>40,901</b>	<b>41,746</b>	<b>845</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	3	--	--	--
Protection of Persons and Property	2,571	3,079	2,640	439
Public Works	--	--	--	--
Health and Sanitation	100	--	--	--
Transportation	1,243	1,243	997	246
Cultural and Recreational Services	--	--	--	--
Community Development	8,147	8,023	6,809	1,214
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	12,064	12,345	10,446	1,899
Other Financing Uses				
Transfers to Other Funds	28,098	31,593	25,128	6,465
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>40,162</b>	<b>43,938</b>	<b>35,574</b>	<b>8,364</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	--	(3,037)	6,172	9,209
FUND BALANCE (DEFICIT), JULY 1	--	--	13,218	13,218
Appropriation of Fund Balances and Carryforward				
Appropriations	--	3,037	--	(3,037)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 19,390</b>	<b>\$ 19,390</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other General Fund - Department of Neighborhood Empowerment			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	2	2
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	5	58	53
Total Revenues	--	5	60	55
Other Financing Sources				
Transfers from Other Funds	6,062	6,062	6,100	38
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>6,062</b>	<b>6,067</b>	<b>6,160</b>	<b>93</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	4,344	4,470	4,113	357
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	4,344	4,470	4,113	357
Other Financing Uses				
Transfers to Other Funds	2,737	2,553	2,419	134
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>7,081</b>	<b>7,023</b>	<b>6,532</b>	<b>491</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(1,019)	(956)	(372)	584
FUND BALANCE (DEFICIT), JULY 1	204	204	987	783
Appropriation of Fund Balances and Carryforward				
Appropriations	815	763	--	(763)
Encumbrances Lapsed	--	(11)	(11)	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 604</b>	<b>\$ 604</b>

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Nonmajor Other General Fund - City Ethics Commission			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	--	--
Other Financing Sources				
Transfers from Other Funds	2,579	2,579	2,579	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>2,579</b>	<b>2,579</b>	<b>2,579</b>	<b>--</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	2,324	2,324	--	2,324
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,324	2,324	--	2,324
Other Financing Uses				
Transfers to Other Funds	6,289	6,289	2,805	3,484
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>8,613</b>	<b>8,613</b>	<b>2,805</b>	<b>5,808</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(6,034)	(6,034)	(226)	5,808
FUND BALANCE (DEFICIT), JULY 1	597	597	334	(263)
Appropriation of Fund Balances and Carryforward				
Appropriations	5,437	5,437	--	(5,437)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 108</b>	<b>\$ 108</b>

Continued...



CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

	Total Annually Budgeted Nonmajor Special Revenue Funds			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 60,628	\$ 60,551	\$ 68,327	\$ 7,776
Licenses, Permits and Fines	50,397	50,397	59,703	9,306
Intergovernmental	465,780	582,593	539,108	(43,485)
Charges for Services	691,434	692,474	738,380	45,906
Services to Enterprise	5,508	5,508	7,006	1,498
Special Assessments	47,440	47,440	49,472	2,032
Interest	11,988	12,005	14,632	2,627
Program Income	5,614	5,613	28,330	22,717
Other	59,539	61,904	20,503	(41,401)
Total Revenues	1,398,328	1,518,485	1,525,461	6,976
Other Financing Sources				
Transfers from Other Funds	55,737	59,014	62,535	3,521
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>1,454,065</b>	<b>1,577,499</b>	<b>1,587,996</b>	<b>10,497</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	6,671	6,794	4,113	2,681
Protection of Persons and Property	973,183	689,027	140,486	548,541
Public Works	67,791	79,988	33,922	46,066
Health and Sanitation	470,428	432,645	243,016	189,629
Transportation	762,590	508,011	216,537	291,474
Cultural and Recreational Services	61,554	62,709	29,947	32,762
Community Development	482,007	557,685	156,170	401,515
Capital Outlay	35,637	44,417	23,362	21,055
Debt Service				
Principal	30,540	30,540	30,540	--
Interest	9,067	9,067	9,067	--
Total Expenditures	2,899,468	2,420,883	887,160	1,533,723
Other Financing Uses				
Transfers to Other Funds	1,028,822	972,502	751,011	221,491
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>3,928,290</b>	<b>3,393,385</b>	<b>1,638,171</b>	<b>1,755,214</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(2,474,225)	(1,815,886)	(50,175)	1,765,711
FUND BALANCE (DEFICIT), JULY 1	546,936	546,936	922,673	375,737
Appropriation of Fund Balances and Carryforward				
Appropriations	1,927,289	1,236,377	--	(1,236,377)
Encumbrances Lapsed	--	32,573	32,573	--
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 905,071</b>	<b>\$ 905,071</b>

**CITY OF LOS ANGELES**

**Reconciliation of Operations on Budgetary Basis to the GAAP Basis  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

<b>Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary</b>	\$	(50,175)
--	----	----------

**Basis Difference**

Adjustments for net changes to accrued assets and liabilities. The GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred; whereas, the budget basis operating statement reflects revenues when received and expenditures when paid.		42,848
--	--	--------

Grant funded loans are recorded as expenditures when disbursed and as program income when repaid (budget), as opposed to adjustments to the loans receivable account balance (GAAP).		114,723
--	--	---------

Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budget), as opposed to a reservation of net position (GAAP).		
Encumbrances reported as budgetary expenditures		220,543
Prior year encumbrances expended in current year		(139,814)

**Perspective Difference**

Certain Nonmajor Special Revenue Funds are not included in the legally adopted budget; while for some, the budget provides for only the portion of fund receipts that are expended for City department operations.		116,292
--	--	---------

Certain Budgeted Funds reclassified as General category:		
Department of Neighborhood Empowerment		300
City Ethics Commission		225
		225

<b>Net Change in Fund Balances - Nonmajor Special Revenue Funds</b>	<b>\$</b>	<b>304,942</b>
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**DETAILS OF RESTATEMENT OF JULY 1 FUND BALANCES**

Fund Balances, July 1, as previously reported	\$	918,881
Adjustments:		
Fund budgeted in current year		
Sidewalk Repair Fund		3,532
Fund not budgeted in current year		
GOB Series 2002A Fire/ Pr Construction Fund		554
Special Police Communications/911 System - Tax Fund		(294)
		(294)
Fund Balances, July 1, as restated	\$	922,673

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Appropriations,**  
**Expenditures and Other Financing Uses**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Budgeted Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>NONMAJOR FUNDS</b>							
<b>BUILDING AND SAFETY PERMIT</b>							
Current - Special Purpose	\$ 485,795	\$ (183,697)	\$ 302,098	\$ 56,945	\$ 8,870	\$ 65,815	\$ 236,283
Transfers to Other Funds	150,952	(9,240)	141,712	98,318	--	98,318	43,394
<b>TOTAL</b>	<b>636,747</b>	<b>(192,937)</b>	<b>443,810</b>	<b>155,263</b>	<b>8,870</b>	<b>164,133</b>	<b>279,677</b>
<b>CITYWIDE RECYCLING</b>							
Current - Special Purpose	61,112	(14,443)	46,669	15,520	5,120	20,640	26,029
Transfers to Other Funds	20,291	(4,746)	15,545	9,290	--	9,290	6,255
<b>TOTAL</b>	<b>81,403</b>	<b>(19,189)</b>	<b>62,214</b>	<b>24,810</b>	<b>5,120</b>	<b>29,930</b>	<b>32,284</b>
<b>PROPOSITION C</b>							
<b>ANTI-GRIDLOCK TRANSIT IMPROVEMENT</b>							
Current - Special Purpose	45,944	(2,098)	43,846	19,613	3,833	23,446	20,400
Capital Outlay	3,981	(2,071)	1,910	--	17	17	1,893
Transfers to Other Funds	71,278	(13,000)	58,278	48,191	--	48,191	10,087
<b>TOTAL</b>	<b>121,203</b>	<b>(17,169)</b>	<b>104,034</b>	<b>67,804</b>	<b>3,850</b>	<b>71,654</b>	<b>32,380</b>
<b>SPECIAL PARKING REVENUE</b>							
Current - Special Purpose	58,918	(148)	58,770	28,474	4,314	32,788	25,982
Capital Outlay	10,385	--	10,385	4,558	52	4,610	5,775
Transfers to Other Funds	9,291	216	9,507	7,385	--	7,385	2,122
<b>TOTAL</b>	<b>78,594</b>	<b>68</b>	<b>78,662</b>	<b>40,417</b>	<b>4,366</b>	<b>44,783</b>	<b>33,879</b>
<b>STORMWATER POLLUTION ABATEMENT</b>							
Current - Special Purpose	38,261	7,312	45,573	14,096	3,195	17,291	28,282
Capital Outlay	2,447	582	3,029	2,320	106	2,426	603
Transfers to Other Funds	23,712	(597)	23,115	18,957	--	18,957	4,158
<b>TOTAL</b>	<b>64,420</b>	<b>7,297</b>	<b>71,717</b>	<b>35,373</b>	<b>3,301</b>	<b>38,674</b>	<b>33,043</b>
<b>STREET LIGHTING MAINTENANCE ASSESSMENT</b>							
Current - Special Purpose	42,282	2,207	44,489	13,618	8,216	21,834	22,655
Capital Outlay	6,652	272	6,924	2,365	1,545	3,910	3,014
Transfers to Other Funds	42,065	(125)	41,940	34,121	--	34,121	7,819
<b>TOTAL</b>	<b>90,999</b>	<b>2,354</b>	<b>93,353</b>	<b>50,104</b>	<b>9,761</b>	<b>59,865</b>	<b>33,488</b>
<b>PROPOSITION A LOCAL TRANSIT ASSISTANCE</b>							
Current - Special Purpose	597,965	(248,817)	349,148	96,726	47,451	144,177	204,971
Transfers to Other Funds	15,140	4,789	19,929	11,484	--	11,484	8,445
<b>TOTAL</b>	<b>613,105</b>	<b>(244,028)</b>	<b>369,077</b>	<b>108,210</b>	<b>47,451</b>	<b>155,661</b>	<b>213,416</b>
<b>MEASURE R LOCAL RETURN</b>							
Current - Special Purpose	58,520	(3,516)	55,004	12,530	2,599	15,129	39,875
Capital Outlay	5,573	2,658	8,231	986	1,614	2,600	5,631
Transfers to Other Funds	41,103	(2,314)	38,789	35,731	634	36,365	2,424
<b>TOTAL</b>	<b>105,196</b>	<b>(3,172)</b>	<b>102,024</b>	<b>49,247</b>	<b>4,847</b>	<b>54,094</b>	<b>47,930</b>

Continued...

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Appropriations,**  
**Expenditures and Other Financing Uses**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Budgeted Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>SOLID WASTE RESOURCES</b>							
Current - Special Purpose	\$ 360,651	\$ (29,012)	\$ 331,639	\$ 135,169	\$ 67,122	\$ 202,291	\$ 129,348
Debt Service							
Principal	30,540	--	30,540	30,540	--	30,540	--
Interest	9,067	--	9,067	9,067	--	9,067	--
Capital Outlay	3,368	--	3,368	1,514	1,854	3,368	--
Transfers to Other Funds	151,941	(4,216)	147,725	142,435	--	142,435	5,290
<b>TOTAL</b>	<b>555,567</b>	<b>(33,228)</b>	<b>522,339</b>	<b>318,725</b>	<b>68,976</b>	<b>387,701</b>	<b>134,638</b>
<b>SPECIAL GAS TAX STREET IMPROVEMENT</b>							
Current - Special Purpose	1,485	12,669	14,154	128	1,754	1,882	12,272
Capital Outlay	295	3,547	3,842	729	136	865	2,977
Transfers to Other Funds	109,521	(15,742)	93,779	89,422	--	89,422	4,357
<b>TOTAL</b>	<b>111,301</b>	<b>474</b>	<b>111,775</b>	<b>90,279</b>	<b>1,890</b>	<b>92,169</b>	<b>19,606</b>
<b>COMMUNITY DEVELOPMENT</b>							
Current - Special Purpose	85,218	35,747	120,965	35,595	13,343	48,938	72,027
Transfers to Other Funds	21,136	5,516	26,652	18,317	--	18,317	8,335
<b>TOTAL</b>	<b>106,354</b>	<b>41,263</b>	<b>147,617</b>	<b>53,912</b>	<b>13,343</b>	<b>67,255</b>	<b>80,362</b>
<b>HOME INVESTMENT PARTNERSHIP PROGRAM</b>							
Current - Special Purpose	66,636	27,715	94,351	12,478	22,935	35,413	58,938
Transfers to Other Funds	4,178	271	4,449	3,502	--	3,502	947
<b>TOTAL</b>	<b>70,814</b>	<b>27,986</b>	<b>98,800</b>	<b>15,980</b>	<b>22,935</b>	<b>38,915</b>	<b>59,885</b>
<b>WORKFORCE INVESTMENT ACT</b>							
Current - Special Purpose	78,709	2,499	81,208	184	89	273	80,935
Transfers to Other Funds	29,052	117	29,169	--	--	--	29,169
<b>TOTAL</b>	<b>107,761</b>	<b>2,616</b>	<b>110,377</b>	<b>184</b>	<b>89</b>	<b>273</b>	<b>110,104</b>
<b>DISASTER ASSISTANCE</b>							
Current - Special Purpose	224,990	41,138	266,128	41,138	--	41,138	224,990
Transfers to Other Funds	716	--	716	505	--	505	211
<b>TOTAL</b>	<b>225,706</b>	<b>41,138</b>	<b>266,844</b>	<b>41,643</b>	<b>--</b>	<b>41,643</b>	<b>225,201</b>
<b>COMMUNITY SERVICES BLOCK GRANT</b>							
Current - Special Purpose	5,078	4,338	9,416	4,306	4,875	9,181	235
Transfers to Other Funds	2,461	(1,121)	1,340	1,264	--	1,264	76
<b>TOTAL</b>	<b>7,539</b>	<b>3,217</b>	<b>10,756</b>	<b>5,570</b>	<b>4,875</b>	<b>10,445</b>	<b>311</b>
<b>FORFEITED ASSETS TRUST OF POLICE DEPARTMENT</b>							
Current - Special Purpose	6,504	(156)	6,348	1,656	1,802	3,458	2,890
Transfers to Other Funds	146	72	218	87	--	87	131
<b>TOTAL</b>	<b>6,650</b>	<b>(84)</b>	<b>6,566</b>	<b>1,743</b>	<b>1,802</b>	<b>3,545</b>	<b>3,021</b>
<b>HOUSEHOLD HAZARDOUS WASTE</b>							
Current - Special Purpose	4,450	(1,280)	3,170	273	500	773	2,397
Transfers to Other Funds	3,103	(247)	2,856	2,016	--	2,016	840
<b>TOTAL</b>	<b>7,553</b>	<b>(1,527)</b>	<b>6,026</b>	<b>2,289</b>	<b>500</b>	<b>2,789</b>	<b>3,237</b>

Continued...

**CITY OF LOS ANGELES**

**Supplemental Schedule of Appropriations,  
Expenditures and Other Financing Uses  
Budget and Actual (Non-GAAP Budgetary Basis)  
All Budgeted Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS</b>							
Current - Special Purpose	\$ 27,904	\$ 21,690	\$ 49,594	\$ 10,999	\$ 2,777	\$ 13,776	\$ 35,818
Transfers to Other Funds	258	--	258	176	--	176	82
<b>TOTAL</b>	<b>28,162</b>	<b>21,690</b>	<b>49,852</b>	<b>11,175</b>	<b>2,777</b>	<b>13,952</b>	<b>35,900</b>
<b>MOBILE SOURCE AIR POLLUTION REDUCTION</b>							
Current - Special Purpose	5,482	(88)	5,394	1,821	--	1,821	3,573
Transfers to Other Funds	2,779	240	3,019	1,823	--	1,823	1,196
<b>TOTAL</b>	<b>8,261</b>	<b>152</b>	<b>8,413</b>	<b>3,644</b>	<b>--</b>	<b>3,644</b>	<b>4,769</b>
<b>OLDER AMERICANS ACT</b>							
Current - Special Purpose	9,547	17,904	27,451	13,875	3,350	17,225	10,226
Transfers to Other Funds	8,535	132	8,667	2,230	--	2,230	6,437
<b>TOTAL</b>	<b>18,082</b>	<b>18,036</b>	<b>36,118</b>	<b>16,105</b>	<b>3,350</b>	<b>19,455</b>	<b>16,663</b>
<b>SUPPLEMENTAL LAW ENFORCEMENT SERVICES</b>							
Current - Special Purpose	66	--	66	--	--	--	66
Transfers to Other Funds	21,846	--	21,846	10,427	--	10,427	11,419
<b>TOTAL</b>	<b>21,912</b>	<b>--</b>	<b>21,912</b>	<b>10,427</b>	<b>--</b>	<b>10,427</b>	<b>11,485</b>
<b>ARTS AND CULTURAL FACILITIES AND SERVICES</b>							
Current - Special Purpose	6,764	288	7,052	4,792	88	4,880	2,172
Transfers to Other Funds	18,957	199	19,156	12,640	--	12,640	6,516
<b>TOTAL</b>	<b>25,721</b>	<b>487</b>	<b>26,208</b>	<b>17,432</b>	<b>88</b>	<b>17,520</b>	<b>8,688</b>
<b>ARTS DEVELOPMENT FEE</b>							
Current - Special Purpose	15,857	408	16,265	1,007	399	1,406	14,859
Transfers to Other Funds	1	243	244	140	--	140	104
<b>TOTAL</b>	<b>15,858</b>	<b>651</b>	<b>16,509</b>	<b>1,147</b>	<b>399</b>	<b>1,546</b>	<b>14,963</b>
<b>CITY EMPLOYEES RIDESHARING</b>							
Transfers to Other Funds	5,015	(197)	4,818	2,622	--	2,622	2,196
<b>CITY OF LOS ANGELES AFFORDABLE HOUSING</b>							
Current - Special Purpose	124,721	3,980	128,701	3,241	601	3,842	124,859
Transfers to Other Funds	1,151	1,943	3,094	2,969	--	2,969	125
<b>TOTAL</b>	<b>125,872</b>	<b>5,923</b>	<b>131,795</b>	<b>6,210</b>	<b>601</b>	<b>6,811</b>	<b>124,984</b>
<b>EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT</b>							
Current - Special Purpose	976	--	976	937	--	937	39
Transfers to Other Funds	4,015	(35)	3,980	3,896	--	3,896	84
<b>TOTAL</b>	<b>4,991</b>	<b>(35)</b>	<b>4,956</b>	<b>4,833</b>	<b>--</b>	<b>4,833</b>	<b>123</b>
<b>LANDFILL MAINTENANCE TRUST</b>							
Current - Special Purpose	372	(172)	200	200	--	200	--
Transfers to Other Funds	4,970	(68)	4,902	4,300	--	4,300	602
<b>TOTAL</b>	<b>5,342</b>	<b>(240)</b>	<b>5,102</b>	<b>4,500</b>	<b>--</b>	<b>4,500</b>	<b>602</b>

Continued...

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Appropriations,**  
**Expenditures and Other Financing Uses**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Budgeted Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>LOCAL PUBLIC SAFETY</b>							
Transfers to Other Funds	\$ 63,126	\$ (1,670)	\$ 61,456	\$ 41,916	\$ --	\$ 41,916	\$ 19,540
<b>LOS ANGELES CONVENTION AND VISITORS BUREAU</b>							
Current - Special Purpose	30,854	--	30,854	19,293	--	19,293	11,561
Transfers to Other Funds	3,071	--	3,071	182	--	182	2,889
<b>TOTAL</b>	<b>33,925</b>	<b>--</b>	<b>33,925</b>	<b>19,475</b>	<b>--</b>	<b>19,475</b>	<b>14,450</b>
<b>MULTI-FAMILY BULKY ITEM FEE</b>							
Current - Special Purpose	13,376	(2,523)	10,853	5,290	--	5,290	5,563
Transfers to Other Funds	4,100	(7)	4,093	3,748	--	3,748	345
<b>TOTAL</b>	<b>17,476</b>	<b>(2,530)</b>	<b>14,946</b>	<b>9,038</b>	<b>--</b>	<b>9,038</b>	<b>5,908</b>
<b>MUNICIPAL HOUSING FINANCE</b>							
Current - Special Purpose	1,767	90	1,857	941	476	1,417	440
Transfers to Other Funds	2,680	436	3,116	3,030	--	3,030	86
<b>TOTAL</b>	<b>4,447</b>	<b>526</b>	<b>4,973</b>	<b>3,971</b>	<b>476</b>	<b>4,447</b>	<b>526</b>
<b>PLANNING CASE PROCESSING SPECIAL FUND</b>							
Current - Special Purpose	20,920	(5,429)	15,491	13,283	--	13,283	2,208
Transfers to Other Funds	23,558	(3,155)	20,403	18,797	--	18,797	1,606
<b>TOTAL</b>	<b>44,478</b>	<b>(8,584)</b>	<b>35,894</b>	<b>32,080</b>	<b>--</b>	<b>32,080</b>	<b>3,814</b>
<b>RENT STABILIZATION</b>							
Current - Special Purpose	53,360	(32,732)	20,628	4,780	1,233	6,013	14,615
Transfers to Other Funds	19,006	(6,785)	12,221	8,252	--	8,252	3,969
<b>TOTAL</b>	<b>72,366</b>	<b>(39,517)</b>	<b>32,849</b>	<b>13,032</b>	<b>1,233</b>	<b>14,265</b>	<b>18,584</b>
<b>STREET DAMAGE RESTORATION FEE</b>							
Current - Special Purpose	4,144	--	4,144	1,458	--	1,458	2,686
Transfers to Other Funds	10,250	(700)	9,550	7,998	--	7,998	1,552
<b>TOTAL</b>	<b>14,394</b>	<b>(700)</b>	<b>13,694</b>	<b>9,456</b>	<b>--</b>	<b>9,456</b>	<b>4,238</b>
<b>CODE ENFORCEMENT TRUST FUND</b>							
Current - Special Purpose	191,670	(126,222)	65,448	13,950	1,197	15,147	50,301
Transfers to Other Funds	44,666	(10,500)	34,166	27,572	--	27,572	6,594
<b>TOTAL</b>	<b>236,336</b>	<b>(136,722)</b>	<b>99,614</b>	<b>41,522</b>	<b>1,197</b>	<b>42,719</b>	<b>56,895</b>
<b>TELECOMMUNICATIONS LIQUIDATED DAMAGES AND LOST FRANCHISE FEES</b>							
Current - Special Purpose	55,217	(13,666)	41,551	7,542	1,516	9,058	32,493
Transfers to Other Funds	12,863	2,235	15,098	13,616	--	13,616	1,482
<b>TOTAL</b>	<b>68,080</b>	<b>(11,431)</b>	<b>56,649</b>	<b>21,158</b>	<b>1,516</b>	<b>22,674</b>	<b>33,975</b>
<b>TRAFFIC SAFETY</b>							
Transfers to Other Funds	5,054	--	5,054	4,664	--	4,664	390

Continued...

**CITY OF LOS ANGELES**  
**Supplemental Schedule of Appropriations,**  
**Expenditures and Other Financing Uses**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Budgeted Special Revenue Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2017	Total Actual	Variance With Final Budget Positive (Negative)
<b>ZOO</b>							
Current - Special Purpose	\$ 7,103	\$ 459	\$ 7,562	\$ 1,843	\$ 1,588	\$ 3,431	\$ 4,131
Transfers to Other Funds	28,196	--	28,196	18,957	--	18,957	9,239
<b>TOTAL</b>	<b>35,299</b>	<b>459</b>	<b>35,758</b>	<b>20,800</b>	<b>1,588</b>	<b>22,388</b>	<b>13,370</b>
<b>SIDEWALK REPAIR FUND</b>							
Current - Special Purpose	12,874	(2,217)	10,657	4,080	2,608	6,688	3,969
Capital Outlay	2,936	3,792	6,728	2,821	2,745	5,566	1,162
Transfers to Other Funds	11,515	(1,575)	9,940	9,045	--	9,045	895
<b>TOTAL</b>	<b>27,325</b>	<b>--</b>	<b>27,325</b>	<b>15,946</b>	<b>5,353</b>	<b>21,299</b>	<b>6,026</b>
<b>ALLOCATIONS FROM OTHER GOVERNMENTAL AGENCIES</b>							
Current - Special Purpose	12,064	281	12,345	10,446	--	10,446	1,899
Transfers to Other Funds	28,098	3,495	31,593	25,128	--	25,128	6,465
<b>TOTAL</b>	<b>40,162</b>	<b>3,776</b>	<b>43,938</b>	<b>35,574</b>	<b>--</b>	<b>35,574</b>	<b>8,364</b>
<b>TOTAL BUDGETED SPECIAL REVENUE FUNDS</b>	<b>\$ 3,912,596</b>	<b>\$ (534,847)</b>	<b>\$ 3,377,749</b>	<b>\$ 1,408,280</b>	<b>\$ 220,554</b>	<b>\$ 1,628,834</b>	<b>\$ 1,748,915</b>
<b>ALL ANNUALLY BUDGETED SPECIAL REVENUE FUNDS</b>							
Current - Special Purpose	\$ 2,817,556	\$ (487,491)	\$ 2,330,065	\$ 608,227	\$ 211,851	\$ 820,078	\$ 1,509,987
Capital Outlay	35,637	8,780	44,417	15,293	8,069	23,362	21,055
Debt Service							
Principal	30,540	--	30,540	30,540	--	30,540	--
Interest	9,067	--	9,067	9,067	--	9,067	--
Transfers to Other Funds	1,019,796	(56,136)	963,660	745,153	634	745,787	217,873
<b>TOTAL</b>	<b>\$ 3,912,596</b>	<b>\$ (534,847)</b>	<b>\$ 3,377,749</b>	<b>\$ 1,408,280</b>	<b>\$ 220,554</b>	<b>\$ 1,628,834</b>	<b>\$ 1,748,915</b>
<b>NONMAJOR GENERAL FUNDS</b>							
<b>DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT</b>							
Current - Special Purpose	\$ 4,344	\$ 126	\$ 4,470	\$ 4,123	\$ (10)	\$ 4,113	\$ 357
Transfers to Other Funds	2,737	(184)	2,553	2,419	--	2,419	134
<b>TOTAL</b>	<b>7,081</b>	<b>(58)</b>	<b>7,023</b>	<b>6,542</b>	<b>(10)</b>	<b>6,532</b>	<b>491</b>
<b>CITY ETHICS COMMISSION</b>							
Current - Special Purpose	2,324	--	2,324	--	--	--	2,324
Transfers to Other Funds	6,289	--	6,289	2,805	--	2,805	3,484
<b>TOTAL</b>	<b>8,613</b>	<b>--</b>	<b>8,613</b>	<b>2,805</b>	<b>--</b>	<b>2,805</b>	<b>5,808</b>
<b>TOTAL BUDGETED GENERAL FUND</b>	<b>\$ 15,694</b>	<b>\$ (58)</b>	<b>\$ 15,636</b>	<b>\$ 9,347</b>	<b>\$ (10)</b>	<b>\$ 9,337</b>	<b>\$ 6,299</b>
<b>ALL ANNUALLY BUDGETED GENERAL FUNDS</b>							
Current - Special Purpose	\$ 6,668	\$ 126	\$ 6,794	\$ 4,123	\$ (10)	\$ 4,113	\$ 2,681
Transfers to Other Funds	9,026	(184)	8,842	5,224	--	5,224	3,618
<b>TOTAL</b>	<b>\$ 15,694</b>	<b>\$ (58)</b>	<b>\$ 15,636</b>	<b>\$ 9,347</b>	<b>\$ (10)</b>	<b>\$ 9,337</b>	<b>\$ 6,299</b>
<b>GRAND TOTAL</b>	<b>\$ 3,928,290</b>	<b>\$ (534,905)</b>	<b>\$ 3,393,385</b>	<b>\$ 1,417,627</b>	<b>\$ 220,544</b>	<b>\$ 1,638,171</b>	<b>\$ 1,755,214</b>

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## **Debt Service Funds**

Debt Service Funds are used to account for the payment of maturing principal and interest on the City's general obligation and revenue bonds, and certificates of participation.

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**CITY OF LOS ANGELES**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	General Obligation Bonds				
	Series 2008-A	Series 2009	Series 2011-A	Refunding Series 2011-B	Refunding Series 2012-A
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 7,394	\$ 13,283	\$ 7,103	\$ 46,087	\$ 33,559
Taxes Receivable					
(Net of Allowance for Uncollectibles of \$1,614)	728	1,248	733	4,457	3,252
Investment Income Receivable	17	31	18	103	76
<b>TOTAL ASSETS</b>	<b>\$ 8,139</b>	<b>\$ 14,562</b>	<b>\$ 7,854</b>	<b>\$ 50,647</b>	<b>\$ 36,887</b>
<b>LIABILITIES</b>					
Obligations Under Securities Lending Transactions	\$ 55	\$ 99	\$ 53	\$ 343	\$ 249
Interest Payable	--	--	--	--	--
Advances from Other Funds	--	--	--	--	--
Other Liabilities	437	783	418	2,716	1,978
<b>TOTAL LIABILITIES</b>	<b>492</b>	<b>882</b>	<b>471</b>	<b>3,059</b>	<b>2,227</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Real Estate Tax	500	857	503	3,060	2,233
Other Deferred Inflows of Resources	4	8	5	30	22
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>504</b>	<b>865</b>	<b>508</b>	<b>3,090</b>	<b>2,255</b>
<b>FUND BALANCES</b>					
Restricted	7,143	12,815	6,875	44,498	32,405
Unassigned	--	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<b>7,143</b>	<b>12,815</b>	<b>6,875</b>	<b>44,498</b>	<b>32,405</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,139</b>	<b>\$ 14,562</b>	<b>\$ 7,854</b>	<b>\$ 50,647</b>	<b>\$ 36,887</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Balance Sheet - (Continued)**  
**Nonmajor Debt Service Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	General Obligation Bonds	Convention	Solid Waste	Other Nonmajor Debt Service	Total
	Refunding Series 2016-A	Center	Resources	Funds	
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 8,999	\$ 6,052	\$ 35,931	\$ 15,148	\$ 173,556
Taxes Receivable					
(Net of Allowance for Uncollectibles of \$1,614)	723	--	--	1,475	12,616
Investment Income Receivable	17	14	--	34	310
<b>TOTAL ASSETS</b>	<b>\$ 9,739</b>	<b>\$ 6,066</b>	<b>\$ 35,931</b>	<b>\$ 16,657</b>	<b>\$ 186,482</b>
<b>LIABILITIES</b>					
Obligations Under Securities Lending Transactions	\$ 67	\$ 45	\$ --	\$ 110	\$ 1,021
Interest Payable	--	--	--	282	282
Advances from Other Funds	--	18,765	--	--	18,765
Other Liabilities	531	355	--	874	8,092
<b>TOTAL LIABILITIES</b>	<b>598</b>	<b>19,165</b>	<b>--</b>	<b>1,266</b>	<b>28,160</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Real Estate Tax	496	--	--	1,013	8,662
Other Deferred Inflows of Resources	6	4	--	9	88
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>502</b>	<b>4</b>	<b>--</b>	<b>1,022</b>	<b>8,750</b>
<b>FUND BALANCES</b>					
Restricted	8,639	--	35,931	14,369	162,675
Unassigned	--	(13,103)	--	--	(13,103)
<b>TOTAL FUND BALANCES</b>	<b>8,639</b>	<b>(13,103)</b>	<b>35,931</b>	<b>14,369</b>	<b>149,572</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 9,739</b>	<b>\$ 6,066</b>	<b>\$ 35,931</b>	<b>\$ 16,657</b>	<b>\$ 186,482</b>

**CITY OF LOS ANGELES**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	General Obligation Bonds				
	Series 2008-A	Series 2009	Series 2011-A	Refunding Series 2011-B	Refunding Series 2012-A
<b>REVENUES</b>					
Property Taxes	\$ 6,890	\$ 10,256	\$ 5,436	\$ 43,789	\$ 31,144
Charges for Services	--	--	--	--	--
Investment Earnings	55	109	70	284	240
Change in Fair Value of Investments	(98)	(187)	(120)	(447)	(428)
Other	--	962	--	--	--
<b>TOTAL REVENUES</b>	<u>6,847</u>	<u>11,140</u>	<u>5,386</u>	<u>43,626</u>	<u>30,956</u>
<b>EXPENDITURES</b>					
General Government	--	--	--	--	--
Debt Service					
Principal	5,050	8,825	5,850	22,835	22,910
Interest	2,520	4,544	2,559	10,196	9,801
Cost of Issuance	--	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<u>7,570</u>	<u>13,369</u>	<u>8,409</u>	<u>33,031</u>	<u>32,711</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(723)</u>	<u>(2,229)</u>	<u>(3,023)</u>	<u>10,595</u>	<u>(1,755)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In	--	--	--	--	--
Proceeds of Refunding Bonds	--	--	--	--	--
Payment to Refunding Bond Escrow Agent	--	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(723)</u>	<u>(2,229)</u>	<u>(3,023)</u>	<u>10,595</u>	<u>(1,755)</u>
FUND BALANCES, JULY 1	<u>7,866</u>	<u>15,044</u>	<u>9,898</u>	<u>33,903</u>	<u>34,160</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 7,143</u>	<u>\$ 12,815</u>	<u>\$ 6,875</u>	<u>\$ 44,498</u>	<u>\$ 32,405</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - (Continued)**  
**Nonmajor Debt Service Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	General Obligation Bonds		Solid Waste Resources	Other Nonmajor Debt Service Funds	Total
	Refunding Series 2016-A	Convention Center			
<b>REVENUES</b>					
Property Taxes	\$ 8,641	\$ --	\$ --	\$ 11,503	\$ 117,659
Charges for Services	--	5,412	--	--	5,412
Investment Earnings	13	37	404	147	1,359
Change in Fair Value of Investments	(15)	(40)	--	(326)	(1,661)
Other	--	--	--	--	962
<b>TOTAL REVENUES</b>	<u>8,639</u>	<u>5,409</u>	<u>404</u>	<u>11,324</u>	<u>123,731</u>
<b>EXPENDITURES</b>					
General Government	--	568	--	--	568
Debt Service					
Principal	--	--	30,540	28,730	124,740
Interest	--	--	9,067	4,851	43,538
Cost of Issuance	1,559	--	--	--	1,559
<b>TOTAL EXPENDITURES</b>	<u>1,559</u>	<u>568</u>	<u>39,607</u>	<u>33,581</u>	<u>170,405</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,080</u>	<u>4,841</u>	<u>(39,203)</u>	<u>(22,257)</u>	<u>(46,674)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In	--	1,000	39,241	9,032	49,273
Proceeds of Refunding Bonds	143,815	--	--	--	143,815
Payment to Refunding Bond Escrow Agent	(142,256)	--	--	--	(142,256)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,559</u>	<u>1,000</u>	<u>39,241</u>	<u>9,032</u>	<u>50,832</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>8,639</u>	<u>5,841</u>	<u>38</u>	<u>(13,225)</u>	<u>4,158</u>
FUND BALANCES, JULY 1	<u>--</u>	<u>(18,944)</u>	<u>35,893</u>	<u>27,594</u>	<u>145,414</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 8,639</u>	<u>\$ (13,103)</u>	<u>\$ 35,931</u>	<u>\$ 14,369</u>	<u>\$ 149,572</u>

**CITY OF LOS ANGELES**

**Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>General Obligation Bonds Series 2008-A</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ 7,752	\$ 7,752	\$ 6,840	\$ (912)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	54	54
Total Revenue	7,752	7,752	6,894	(858)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>7,752</b>	<b>7,752</b>	<b>6,894</b>	<b>(858)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,050	5,050	5,050	--
Interest	2,702	2,702	2,520	182
Total Expenditures	7,752	7,752	7,570	182
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>7,752</b>	<b>7,752</b>	<b>7,570</b>	<b>182</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>--</b>	<b>(676)</b>	<b>(676)</b>
FUND BALANCE, JULY 1	--	--	7,592	7,592
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 6,916</b>	<b>\$ 6,916</b>

Continued..

**CITY OF LOS ANGELES**

**Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>General Obligation Bonds Series 2009</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ 14,303	\$ 14,303	\$ 10,170	\$ (4,133)
Intergovernmental	--	--	962	962
Charges for Services	--	--	--	--
Interest	--	--	106	106
Total Revenue	14,303	14,303	11,238	(3,065)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>14,303</b>	<b>14,303</b>	<b>11,238</b>	<b>(3,065)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	8,825	8,825	8,825	--
Interest	5,478	5,478	4,544	934
Total Expenditures	14,303	14,303	13,369	934
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>14,303</b>	<b>14,303</b>	<b>13,369</b>	<b>934</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>--</b>	<b>(2,131)</b>	<b>(2,131)</b>
FUND BALANCE, JULY 1	--	--	14,554	14,554
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 12,423</b>	<b>\$ 12,423</b>

Continued..

**CITY OF LOS ANGELES**

**Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>General Obligation Bonds Series 2011-A</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ 10,150	\$ 10,150	\$ 5,440	\$ (4,710)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	69	69
Total Revenue	10,150	10,150	5,509	(4,641)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>10,150</b>	<b>10,150</b>	<b>5,509</b>	<b>(4,641)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,850	5,850	5,850	--
Interest	4,300	4,300	2,559	1,741
Total Expenditures	10,150	10,150	8,409	1,741
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>10,150</b>	<b>10,150</b>	<b>8,409</b>	<b>1,741</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>--</b>	<b>(2,900)</b>	<b>(2,900)</b>
FUND BALANCE, JULY 1	--	--	9,544	9,544
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 6,644</b>	<b>\$ 6,644</b>

Continued..



**CITY OF LOS ANGELES**

**Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>General Obligation Bonds Refunding Series 2011-B</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ 33,031	\$ 33,031	\$ 43,104	\$ 10,073
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	255	255
Total Revenue	33,031	33,031	43,359	10,328
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>33,031</b>	<b>33,031</b>	<b>43,359</b>	<b>10,328</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	22,835	22,835	22,835	--
Interest	10,196	10,196	10,196	--
Total Expenditures	33,031	33,031	33,031	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>33,031</b>	<b>33,031</b>	<b>33,031</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>--</b>	<b>10,328</b>	<b>10,328</b>
FUND BALANCE, JULY 1	--	--	32,777	32,777
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 43,105</b>	<b>\$ 43,105</b>

Continued..

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2017  
 (amounts expressed in thousands)

	General Obligation Bonds Refunding Series 2012-A			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenues				
Taxes	\$ 32,711	\$ 32,711	\$ 30,896	\$ (1,815)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	231	231
Total Revenue	32,711	32,711	31,127	(1,584)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>32,711</b>	<b>32,711</b>	<b>31,127</b>	<b>(1,584)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	22,910	22,910	22,910	--
Interest	9,801	9,801	9,801	--
Total Expenditures	32,711	32,711	32,711	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>32,711</b>	<b>32,711</b>	<b>32,711</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>--</b>	<b>(1,584)</b>	<b>(1,584)</b>
FUND BALANCE, JULY 1	--	--	32,971	32,971
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 31,387</b>	<b>\$ 31,387</b>

Continued..

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2017  
 (amounts expressed in thousands)

	Convention Center - Staples Arena Account			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--
Charges for Services	3,907	3,907	6,413	2,506
Interest	31	31	31	--
Total Revenue	3,938	3,938	6,444	2,506
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>3,938</b>	<b>3,938</b>	<b>6,444</b>	<b>2,506</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	15,059	15,059	--	15,059
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	15,059	15,059	--	15,059
Other Financing Uses				
Transfers to Other Funds	3,483	3,483	3,483	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>18,542</b>	<b>18,542</b>	<b>3,483</b>	<b>15,059</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(14,604)</b>	<b>(14,604)</b>	<b>2,961</b>	<b>17,565</b>
FUND BALANCE, JULY 1	4,077	4,077	2,699	(1,378)
Appropriation of Fund Balance and Carryforward Appropriation	10,527	10,527	--	(10,527)
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 5,660</b>	<b>\$ 5,660</b>

Continued..

**CITY OF LOS ANGELES**

**Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>Other Nonmajor Debt Service Fund - General Obligation Bonds Refunding Series 2005-B</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ 19,367	\$ 19,367	\$ 6,688	\$ (12,679)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	122	122
Total Revenue	<u>19,367</u>	<u>19,367</u>	<u>6,810</u>	<u>(12,557)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>19,367</u>	<u>19,367</u>	<u>6,810</u>	<u>(12,557)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	17,585	17,585	17,585	--
Interest	1,782	1,782	1,782	--
Total Expenditures	<u>19,367</u>	<u>19,367</u>	<u>19,367</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>19,367</u>	<u>19,367</u>	<u>19,367</u>	<u>--</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(12,557)	(12,557)
FUND BALANCE, JULY 1	--	--	21,545	21,545
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
<b>FUND BALANCE, JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 8,988</u>	<u>\$ 8,988</u>

Continued..

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2017  
 (amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2006-A			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Revenues				
Taxes	\$ 5,182	\$ 5,182	\$ 4,917	\$ (265)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	36	36
Total Revenue	5,182	5,182	4,953	(229)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>5,182</b>	<b>5,182</b>	<b>4,953</b>	<b>(229)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,510	3,510	3,510	--
Interest	1,672	1,672	1,672	--
Total Expenditures	5,182	5,182	5,182	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>5,182</b>	<b>5,182</b>	<b>5,182</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>--</b>	<b>(229)</b>	<b>(229)</b>
FUND BALANCE, JULY 1	--	--	5,139	5,139
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 4,910</b>	<b>\$ 4,910</b>

Continued..

**CITY OF LOS ANGELES**

**Combining Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>Total Annually Budgeted Nonmajor Debt Service Funds</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ 122,496	\$ 122,496	\$ 108,055	\$ (14,441)
Intergovernmental	--	--	962	962
Charges for Services	3,907	3,907	6,413	2,506
Interest	31	31	904	873
Total Revenue	126,434	126,434	116,334	(10,100)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>126,434</b>	<b>126,434</b>	<b>116,334</b>	<b>(10,100)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	15,059	15,059	--	15,059
Debt Service				
Principal	86,565	86,565	86,565	--
Interest	35,931	35,931	33,074	2,857
Total Expenditures	137,555	137,555	119,639	17,916
Other Financing Uses				
Transfers to Other Funds	3,483	3,483	3,483	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>141,038</b>	<b>141,038</b>	<b>123,122</b>	<b>17,916</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(14,604)</b>	<b>(14,604)</b>	<b>(6,788)</b>	<b>7,816</b>
FUND BALANCE, JULY 1	4,077	4,077	126,821	122,744
Appropriation of Fund Balance and				
Carryforward Appropriation	10,527	10,527	--	(10,527)
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 120,033</b>	<b>\$ 120,033</b>

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**CITY OF LOS ANGELES**  
**Reconciliation of Operations on Budgetary Basis to the GAAP Basis**  
**Nonmajor Debt Service Funds**  
**For the Fiscal Year Ended June 30, 2017**

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<b>Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses - Budgetary</b>	\$ (6,788)
<b>Basis Difference</b>	
Adjustments for net changes to accrued assets and liabilities. The GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred; whereas, the budget basis operating statement reflects revenues when received and expenditures when paid.	2,266
<b>Perspective Difference</b>	
Certain Nonmajor Debt Service funds are not included in the legally adopted budget	<u>8,680</u>
<b>Net Change in Fund Balances - Nonmajor Debt Service Funds</b>	<u><u>\$ 4,158</u></u>

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## **Capital Projects Funds**

Capital Projects Funds are used to account for major capital improvements which are financed from the City's general obligation bonds and certificates of participation issues, special assessments, certain Federal grants, and specific receipts.

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## CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for capital improvements which are financed from the City's and component units' general obligation bond, certificates of participation issues, special assessments, certain Federal grants and other specific receipts. All of the City's Capital Projects Funds are considered nonmajor funds. Nine funds are separately identified. These funds represent 90.6% of the combined revenues of the Capital Project Funds. The other smaller funds are grouped as other nonmajor capital project funds.

**General Obligation Bonds – Series 2003-A, Series 2004-A, Series 2005-A, Series 2006-A, Series 2008-A, Series 2009 and Series 2011-A** – These funds account for the proceeds from the sales of bonds authorized by the voters in November 1998, November 2000, March 2002, and November 2004 for the acquisition, improvement, and construction of certain police and fire safety facilities and equipment, animal shelter, zoo facilities, and stormwater infrastructure assets.

**Recreation and Parks Grant Fund** – Accounts for grants received for major capital improvements undertaken by the City's Department of Recreation and Parks.

**Parks Assessment Fund** – Accounts for assessments levied pursuant to Proposition K – Los Angeles Kids program approved by City voters on November 5, 1996. The assessments from the City of Los Angeles Landscaping and Lighting District 96-1 will be used for the acquisition of land, construction of capital improvements and maintenance of facilities, and the repayment of bonds. The fund also accounts for the proceeds from the sale of special assessment bonds.

**Other Nonmajor Capital Projects Funds** - Account for the activities of smaller capital project funds and represent 9.4% of the combined revenues. Included in this group are two annually budgeted funds: Local Transportation and Park and Recreational Sites and Facilities.

**CITY OF LOS ANGELES**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<b>General Obligation Bonds</b>				
	<b>Series 2003-A</b>	<b>Series 2004-A</b>	<b>Series 2005-A</b>	<b>Series 2006-A</b>	<b>Series 2008-A</b>
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 24,305	\$ 8,253	\$ 21,126	\$ 34,606	\$ 7,654
Accounts Receivable	--	--	--	--	--
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	--	--	--	--	--
Intergovernmental Receivable	--	--	--	--	--
Due from Other Funds	--	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 24,305</b>	<b>\$ 8,253</b>	<b>\$ 21,126</b>	<b>\$ 34,606</b>	<b>\$ 7,654</b>
<b>LIABILITIES</b>					
Accounts, Contracts and Retainage Payable	\$ 308	\$ 553	\$ --	\$ 238	\$ 87
Obligations Under Securities Lending Transactions	--	--	--	--	--
Due to Other Funds	185	969	137	88	996
Deposits and Advances	--	--	--	--	--
Advances from Other Funds	--	--	--	--	--
Other Liabilities	--	--	--	--	--
<b>TOTAL LIABILITIES</b>	<b>493</b>	<b>1,522</b>	<b>137</b>	<b>326</b>	<b>1,083</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Real Estate Tax	--	--	--	--	--
Receivables from Other Government Agencies	--	--	--	--	--
Other Deferred Inflows of Resources	--	--	--	--	--
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>FUND BALANCES</b>					
Restricted	23,812	6,731	20,989	34,280	6,571
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 24,305</b>	<b>\$ 8,253</b>	<b>\$ 21,126</b>	<b>\$ 34,606</b>	<b>\$ 7,654</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Balance Sheet - (Continued)**  
**Nonmajor Capital Projects Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<u>General Obligation Bonds</u>		<u>Recreation and</u>	<u>Parks</u>	<u>Other</u>	<u>Total</u>
	<u>Series 2009</u>	<u>Series 2011-A</u>	<u>Parks Grant</u>	<u>Assessment</u>	<u>Nonmajor Capital Projects Funds</u>	
<b>ASSETS</b>						
Cash and Pooled Investments	\$ 46,056	\$ 60,095	\$ 88,856	\$ 140,743	\$ 32,813	\$ 464,507
Accounts Receivable	326	164	--	--	92	582
Special Assessments Receivable	--	--	--	1,293	--	1,293
Investment Income Receivable	--	--	224	351	13	588
Intergovernmental Receivable	--	--	773	--	--	773
Due from Other Funds	--	--	250	5	--	255
<b>TOTAL ASSETS</b>	<b>\$ 46,382</b>	<b>\$ 60,259</b>	<b>\$ 90,103</b>	<b>\$ 142,392</b>	<b>\$ 32,918</b>	<b>\$ 467,998</b>
<b>LIABILITIES</b>						
Accounts, Contracts and Retainage Payable	\$ 533	\$ 706	\$ 2,985	\$ 1,188	\$ 163	\$ 6,761
Obligations Under Securities Lending Transactions	--	--	660	1,046	37	1,743
Due to Other Funds	2,719	1,959	4	345	241	7,643
Deposits and Advances	--	--	--	--	7	7
Advances from Other Funds	--	--	4,500	--	--	4,500
Other Liabilities	--	--	5,237	8,296	296	13,829
<b>TOTAL LIABILITIES</b>	<b>3,252</b>	<b>2,665</b>	<b>13,386</b>	<b>10,875</b>	<b>744</b>	<b>34,483</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Real Estate Tax	--	--	--	689	--	689
Receivables from Other Government Agencies	326	164	753	--	92	1,335
Other Deferred Inflows of Resources	--	--	55	85	3	143
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>326</b>	<b>164</b>	<b>808</b>	<b>774</b>	<b>95</b>	<b>2,167</b>
<b>FUND BALANCES</b>						
Restricted	42,804	57,430	75,909	130,743	32,079	431,348
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 46,382</b>	<b>\$ 60,259</b>	<b>\$ 90,103</b>	<b>\$ 142,392</b>	<b>\$ 32,918</b>	<b>\$ 467,998</b>

**CITY OF LOS ANGELES**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>General Obligation Bonds</b>				
	<u>Series 2003-A</u>	<u>Series 2004-A</u>	<u>Series 2005-A</u>	<u>Series 2006-A</u>	<u>Series 2008-A</u>
<b>REVENUES</b>					
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--
Intergovernmental	--	--	64	--	114
Charges for Services	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	80	38	68	114	25
Change in Fair Value of Investments	--	--	--	--	--
Other					
<b>TOTAL REVENUES</b>	<u>80</u>	<u>38</u>	<u>132</u>	<u>114</u>	<u>139</u>
<b>EXPENDITURES</b>					
Capital Outlay	1,668	6,143	516	2,437	1,175
<b>TOTAL EXPENDITURES</b>	<u>1,668</u>	<u>6,143</u>	<u>516</u>	<u>2,437</u>	<u>1,175</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
<b>OVER (UNDER) EXPENDITURES</b>	<u>(1,588)</u>	<u>(6,105)</u>	<u>(384)</u>	<u>(2,323)</u>	<u>(1,036)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	--	--	--	--	--
Transfers Out	--	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,588)	(6,105)	(384)	(2,323)	(1,036)
FUND BALANCES, JULY 1	<u>25,400</u>	<u>12,836</u>	<u>21,373</u>	<u>36,603</u>	<u>7,607</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 23,812</u>	<u>\$ 6,731</u>	<u>\$ 20,989</u>	<u>\$ 34,280</u>	<u>\$ 6,571</u>

Continued...

**CITY OF LOS ANGELES**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - (Continued)**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>General Obligation Bonds</b>		<b>Recreation and</b>	<b>Parks</b>	<b>Other Nonmajor Capital Projects</b>	<b>Total</b>
	<b>Series 2009</b>	<b>Series 2011-A</b>	<b>Parks Grant</b>	<b>Assessment</b>	<b>Funds</b>	
<b>REVENUES</b>						
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ 3,504	\$ 3,504
Licenses and Permits	--	--	--	--	23	23
Intergovernmental	687	257	8,759	--	1,816	11,697
Charges for Services	--	--	13,421	--	--	13,421
Special Assessments	--	--	--	24,932	--	24,932
Investment Earnings	154	513	1,021	1,495	108	3,616
Change in Fair Value of Investments	--	--	(1,081)	(1,624)	(55)	(2,760)
Other			3,090			3,090
<b>TOTAL REVENUES</b>	<b>841</b>	<b>770</b>	<b>25,210</b>	<b>24,803</b>	<b>5,396</b>	<b>57,523</b>
<b>EXPENDITURES</b>						
Capital Outlay	6,338	13,203	28,864	17,358	7,453	85,155
<b>TOTAL EXPENDITURES</b>	<b>6,338</b>	<b>13,203</b>	<b>28,864</b>	<b>17,358</b>	<b>7,453</b>	<b>85,155</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,497)</b>	<b>(12,433)</b>	<b>(3,654)</b>	<b>7,445</b>	<b>(2,057)</b>	<b>(27,632)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	--	--	920	--	--	920
Transfers Out	--	--	--	--	(65)	(65)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>--</b>	<b>--</b>	<b>920</b>	<b>--</b>	<b>(65)</b>	<b>855</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,497)</b>	<b>(12,433)</b>	<b>(2,734)</b>	<b>7,445</b>	<b>(2,122)</b>	<b>(26,777)</b>
FUND BALANCES, JULY 1	48,301	69,863	78,643	123,298	34,201	458,125
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 42,804</b>	<b>\$ 57,430</b>	<b>\$ 75,909</b>	<b>\$ 130,743</b>	<b>\$ 32,079</b>	<b>\$ 431,348</b>

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Local Transportation</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b> <b>(Budgetary</b> <b>Basis)</b>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	2,634	2,634	4,450	1,816
Charges for Services	--	--	--	--
Interest	35	35	45	10
<b>TOTAL REVENUES</b>	<b>2,669</b>	<b>2,669</b>	<b>4,495</b>	<b>1,826</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Capital Outlay	2,818	2,857	1,954	903
Other Financing Uses				
Transfers to Other Funds	162	631	348	283
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>2,980</b>	<b>3,488</b>	<b>2,302</b>	<b>1,186</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(311)</b>	<b>(819)</b>	<b>2,193</b>	<b>3,012</b>
FUND BALANCE, JULY 1	26	26	742	716
Appropriation of Fund Balances and Carryforward				
Appropriations	285	649	--	(649)
Encumbrances Lapsed	--	144	144	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 3,079</b>	<b>\$ 3,079</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Capital Projects Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Park and Recreational Sites and Facilities</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b> <b>(Budgetary</b> <b>Basis)</b>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ 3,000	\$ 3,000	\$ 3,504	\$ 504
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	--	--
<b>TOTAL REVENUES</b>	<b>3,000</b>	<b>3,000</b>	<b>3,504</b>	<b>504</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Capital Outlay	5,408	13,423	885	12,538
Other Financing Uses				
Transfers to Other Funds	445	381	48	333
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>5,853</b>	<b>13,804</b>	<b>933</b>	<b>12,871</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>				
<b>EXPENDITURES AND OTHER FINANCING USES</b>	<b>(2,853)</b>	<b>(10,804)</b>	<b>2,571</b>	<b>13,375</b>
FUND BALANCE, JULY 1	--	--	11,555	11,555
Appropriation of Fund Balances and Carryforward				
Appropriations	2,853	10,804	--	(10,804)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 14,126</b>	<b>\$ 14,126</b>

Continued...



**CITY OF LOS ANGELES**  
**Combining Budgetary Comparison Schedule**  
**(Non-GAAP Budgetary Basis)**  
**Annually Budgeted Nonmajor Capital Projects Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Total Annually Budgeted Nonmajor Capital Projects Funds</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Revenues				
Taxes	\$ 3,000	\$ 3,000	\$ 3,504	\$ 504
Intergovernmental	2,634	2,634	4,450	1,816
Charges for Services	--	--	--	--
Interest	35	35	45	10
<b>TOTAL REVENUES</b>	<b>5,669</b>	<b>5,669</b>	<b>7,999</b>	<b>2,330</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Capital Outlay	8,226	16,280	2,839	13,441
Other Financing Uses				
Transfers to Other Funds	607	1,012	396	616
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>8,833</b>	<b>17,292</b>	<b>3,235</b>	<b>14,057</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(3,164)</b>	<b>(11,623)</b>	<b>4,764</b>	<b>16,387</b>
FUND BALANCE, JULY 1	26	26	12,297	12,271
Appropriation of Fund Balances and Carryforward				
Appropriations	3,138	11,453	--	(11,453)
Encumbrances Lapsed	--	144	144	--
<b>FUND BALANCE, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 17,205</b>	<b>\$ 17,205</b>

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CITY OF LOS ANGELES

Reconciliation of Operations on Budgetary Basis to the GAAP Basis  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)

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**Excess of Revenues Over Expenditures  
and Other Financing Uses - Budgetary**

\$ 4,764

**Basis Difference**

Adjustments for net changes to accrued assets and liabilities. The GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred; whereas, the budget basis operating statement reflects revenues when received and expenditures when paid.

(2,101)

Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budget), as opposed to a reservation of fund balance (GAAP).

Encumbrances reported as budgetary expenditures

302

Prior year encumbrances expended in current year

(4,243)

**Perspective Difference**

Certain Nonmajor Capital Projects Funds are not included in the legally adopted budget; while for some, the budget provides for only the portion of fund receipts that are expended for City department operations.

(25,499)

**Net Change in Fund Balances - Nonmajor Capital Projects Funds**

\$ (26,777)

**CITY OF LOS ANGELES**

**Supplemental Schedule of Appropriations,  
Expenditures and Other Financing Uses  
Budget and Actual (Non-GAAP Budgetary Basis)  
All Budgeted Capital Projects Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>Original Adopted Budget</b>	<b>Additional Appropriations, Carryforward and Transfers</b>	<b>Final Budget</b>	<b>Expenditures</b>	<b>Encumbrances June 30, 2017</b>	<b>Total Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>LOCAL TRANSPORTATION</b>							
Capital Outlay	\$ 2,818	\$ (39)	\$ 2,857	\$ 1,652	\$ 302	\$ 1,954	\$ 903
Transfers to Other Funds	162	469	631	348	--	348	283
<b>TOTAL</b>	<b>2,980</b>	<b>430</b>	<b>3,488</b>	<b>2,000</b>	<b>302</b>	<b>2,302</b>	<b>1,186</b>
<b>PARK AND RECREATION SITES AND FACILITIES</b>							
Capital Outlay	5,408	8,015	13,423	885	--	885	12,538
Transfers to Other Funds	445	(64)	381	48	--	48	333
<b>TOTAL</b>	<b>5,853</b>	<b>7,951</b>	<b>13,804</b>	<b>933</b>	<b>--</b>	<b>933</b>	<b>12,871</b>
<b>TOTAL BUDGETED CAPITAL PROJECTS FUNDS</b>	<b>\$ 8,833</b>	<b>\$ 8,381</b>	<b>\$ 17,292</b>	<b>\$ 2,933</b>	<b>\$ 302</b>	<b>\$ 3,235</b>	<b>\$ 14,057</b>
<b>ALL ANNUALLY BUDGETED CAPITAL PROJECTS FUNDS</b>							
Capital Outlay	\$ 8,226	\$ 7,976	\$ 16,280	\$ 2,537	\$ 302	\$ 2,839	\$ 13,441
Transfers to Other Funds	607	405	1,012	396	--	396	616
<b>TOTAL</b>	<b>\$ 8,833</b>	<b>\$ 8,381</b>	<b>\$ 17,292</b>	<b>\$ 2,933</b>	<b>\$ 302</b>	<b>\$ 3,235</b>	<b>\$ 14,057</b>

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## **Fiduciary Funds**

Pensions and Other Employee Benefits Trust Funds are used to account for the activities of the City's single-employer defined benefit pension plans and other postemployment benefit plans. Agency Funds are used to account for assets held by the City as an agent for others.

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## FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the City in a trustee or agency capacity for others and therefore cannot be used to support the City government's programs. These include Pension Trust Funds, Other Postemployment Benefits Trust Funds, and Agency Funds.

**Pension Trust Funds** – These funds are used to report resources that are held in trust for the members and beneficiaries of the City's single-employer defined benefit pension plans namely: Fire and Police Pension Plan, Los Angeles City Employees' Retirement Plan, and Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan.

**Other Postemployment Benefits Trust Funds** – These funds are used to report resources that are held in trust for the members of the City's postemployment plans namely: Fire and Police Health Subsidy Plan, Los Angeles City Employees' Postemployment Health Care Plan, and Water and Power Employees' Retiree Health Benefits Plan.

**Agency Funds** – These funds are used to account for assets held by the City as an agent for others, for example, federal and state income tax withheld from employees, and assessments for payments of certain conduit debt.

**CITY OF LOS ANGELES**

**Combining Statement of Fiduciary Net Position  
Pension and Other Postemployment Benefits Trust Funds**

June 30, 2017

(amounts expressed in thousands)

	<b>Pension Trust Funds</b>	<b>Other Postemployment Benefits Trust Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 17,055	\$ 1,140	\$ 18,195
Receivables			
Contributions	61,390	--	61,390
Accrued Investment Income	129,563	17,958	147,521
Contingent Disability Benefit Advance	3,310	--	3,310
Other Receivables	18,762	2,103	20,865
Due from Brokers	419,288	58,517	477,805
Other Investments			
Short-Term Investments	1,809,889	222,125	2,032,014
U. S. Government Obligations	3,791,245	475,294	4,266,539
U. S. Agency Notes	742,973	126,625	869,598
Municipal Bonds	7,523	1,324	8,847
Domestic Corporate Bonds	3,264,821	433,068	3,697,889
International Bonds	778,664	136,816	915,480
Other Fixed Income	733,729	135,046	868,775
Bank Loans	5,372	989	6,361
Opportunistic Debt	76,351	14,053	90,404
Domestic Stocks	15,002,458	2,020,798	17,023,256
International Stocks	10,020,054	1,441,599	11,461,653
Mortgage-Backed Securities	499,957	89,843	589,800
Government Agencies	28,453	5,237	33,690
Derivative Instruments	1,993	367	2,360
Real Estate	2,749,893	349,000	3,098,893
Alternative Investments	4,356,797	596,166	4,952,963
Securities Lending Collateral	2,874,838	402,858	3,277,696
Prepaid Expense	8	--	8
Prepaid Health Subsidy	3	9,622	9,625
Capital Assets			
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$3,184)	30,021	3,143	33,164
<b>TOTAL ASSETS</b>	<b>47,424,410</b>	<b>6,543,691</b>	<b>53,968,101</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	54,313	12,644	66,957
Accrued Investment Expenses	9,104	1,675	10,779
Benefits in Process of Payment	13,982	874	14,856
Due to Brokers	645,907	92,639	738,546
Obligations Under Securities			
Lending Transactions	2,874,838	402,858	3,277,696
Mortgage Loan Payable - Current Portion	2,648	231	2,879
Mortgage Loan Payable - Noncurrent Portion	185,805	16,199	202,004
Deposits and Advances	24	2	26
<b>TOTAL LIABILITIES</b>	<b>3,786,621</b>	<b>527,122</b>	<b>4,313,743</b>
<b>NET POSITION</b>			
Restricted for Pension and Other Postemployment Benefits			
Benefit Pension Plans	43,563,010	--	43,563,010
Disability Plan	47,195	--	47,195
Death Benefit Plan	27,584	--	27,584
Postemployment Healthcare Plans	--	6,016,569	6,016,569
<b>TOTAL NET POSITION</b>	<b>\$ 43,637,789</b>	<b>\$ 6,016,569</b>	<b>\$ 49,654,358</b>

**CITY OF LOS ANGELES**

**Combining Statement of Changes in Fiduciary Net Position  
Pension and Other Postemployment Benefits Trust Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	<b>Pension Trust Funds</b>	<b>Other Postemployment Benefits Trust Funds</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 1,330,133	\$ 353,651	\$ 1,683,784
Plan Member	440,481	--	440,481
Other	3,436	39	3,475
Total Contributions	<u>1,774,050</u>	<u>353,690</u>	<u>2,127,740</u>
Investment Income			
Net Appreciation in Fair Value of Investments	4,263,262	630,585	4,893,847
Interest Income	304,238	43,736	347,974
Income from Alternative Investments	21,997	1,876	23,873
Dividend Income	465,634	63,460	529,094
Securities Lending Income	24,199	3,975	28,174
Other Investment Income	73,476	12,263	85,739
Income from Real Estate Investment	86,903	9,296	96,199
Investment Income	<u>5,239,709</u>	<u>765,191</u>	<u>6,004,900</u>
Investment Expense	(172,549)	(25,548)	(198,097)
Securities Lending Expense	(5,264)	(1,059)	(6,323)
Net Investment Income	<u>5,061,896</u>	<u>738,584</u>	<u>5,800,480</u>
<b>TOTAL ADDITIONS</b>	<u>6,835,946</u>	<u>1,092,274</u>	<u>7,928,220</u>
<b>DEDUCTIONS</b>			
Benefit Payments	2,285,192	332,488	2,617,680
Refunds of Member Contributions	18,424	--	18,424
Administrative Expenses	42,513	6,415	48,928
<b>TOTAL DEDUCTIONS</b>	<u>2,346,129</u>	<u>338,903</u>	<u>2,685,032</u>
<b>CHANGE IN NET POSITION</b>			
Benefit Pension Plans	4,490,710	--	4,490,710
Disability Plan	(292)	--	(292)
Death Benefit Plan	(601)	--	(601)
Postemployment Healthcare Plans	--	753,371	753,371
<b>TOTAL CHANGE IN NET POSITION</b>	<u>4,489,817</u>	<u>753,371</u>	<u>5,243,188</u>
Net Position Restricted for Pension and Other Postemployment Benefits, July 1			
Benefit Pension Plans	39,072,300	--	39,072,300
Disability Plan	47,487	--	47,487
Death Benefit Plan	28,185	--	28,185
Post-employment Healthcare Plans	--	5,263,198	5,263,198
<b>NET POSITION RESTRICTED FOR FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30</b>	<u>\$ 43,637,789</u>	<u>\$ 6,016,569</u>	<u>\$ 49,654,358</u>

**CITY OF LOS ANGELES**

**Combining Statement of Fiduciary Net Position  
Pension Trust Funds  
June 30, 2017**

(amounts expressed in thousands)

	<b>Fire and Police Pension Plan</b>	<b>Los Angeles City Employees' Retirement Plan</b>	<b>Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,468	\$ 2,685	\$ 12,902	\$ 17,055
Receivables				
Contributions	2,946	--	58,444	61,390
Accrued Investment Income	53,578	44,573	31,412	129,563
Contingent Disability Benefit Advance	--	--	3,310	3,310
Other Receivables	--	11,426	7,336	18,762
Due from Brokers	129,740	95,098	194,450	419,288
Other Investments				
Short-Term Investments	1,034,325	412,426	363,138	1,809,889
U. S. Government Obligations	2,192,319	799,739	799,187	3,791,245
U. S. Agency Notes	--	--	742,973	742,973
Municipal Bonds	--	3,615	3,908	7,523
Domestic Corporate Bonds	1,595,889	777,905	891,027	3,264,821
International Bonds	3,479	473,954	301,231	778,664
Other Fixed Income	--	733,729	--	733,729
Bank Loans	--	5,372	--	5,372
Opportunistic Debt	--	76,351	--	76,351
Domestic Stocks	7,266,875	3,561,155	4,174,428	15,002,458
International Stocks	3,790,113	4,056,464	2,173,477	10,020,054
Mortgage-Backed Securities	--	329,795	170,162	499,957
Government Agencies	--	28,453	--	28,453
Derivative Instruments	--	1,993	--	1,993
Real Estate	1,388,036	705,075	656,782	2,749,893
Alternative Investments	1,957,356	1,333,256	1,066,185	4,356,797
Securities Lending Collateral	1,387,666	729,435	757,737	2,874,838
Prepaid Expense	--	--	8	8
Prepaid Health Subsidy	3	--	--	3
Capital Assets				
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$2,919)	24,540	5,481	--	30,021
<b>TOTAL ASSETS</b>	<b>20,828,333</b>	<b>14,187,980</b>	<b>12,408,097</b>	<b>47,424,410</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	10,341	31,745	12,227	54,313
Accrued Investment Expenses	--	9,104	--	9,104
Benefits in Process of Payment	11,043	--	2,939	13,982
Derivative Instruments	--	--	--	--
Due to Brokers	232,403	166,988	246,516	645,907
Obligations Under Securities				
Lending Transactions	1,387,666	729,435	757,737	2,874,838
Mortgage Loan Payable - Current Portion	2,648	--	--	2,648
Mortgage Loan Payable - Noncurrent Portion	185,805	--	--	185,805
Deposits and Advances	24	--	--	24
<b>TOTAL LIABILITIES</b>	<b>1,829,930</b>	<b>937,272</b>	<b>1,019,419</b>	<b>3,786,621</b>
<b>NET POSITION</b>				
Restricted for Pension Benefits				
Benefit Pension Plans	18,998,403	13,250,708	11,313,899	43,563,010
Disability Plan	--	--	47,195	47,195
Death Benefit Plan	--	--	27,584	27,584
<b>TOTAL NET POSITION</b>	<b>\$ 18,998,403</b>	<b>\$ 13,250,708</b>	<b>\$ 11,388,678</b>	<b>\$ 43,637,789</b>



**CITY OF LOS ANGELES**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Fire and Police Pension Plan</b>	<b>Los Angeles City Employees' Retirement Plan</b>	<b>Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 454,309	\$ 453,504	\$ 422,320	\$ 1,330,133
Plan Member	128,901	227,532	84,048	440,481
Other	3,436	--	--	3,436
Total Contributions	<u>586,646</u>	<u>681,036</u>	<u>506,368</u>	<u>1,774,050</u>
Investment Income				
Net Appreciation in Fair Value of Investments	1,882,905	1,274,660	1,105,697	4,263,262
Interest Income	116,309	85,251	102,678	304,238
Income from Alternative Investments	18,697	--	3,300	21,997
Dividend Income	233,045	163,423	69,166	465,634
Securities Lending Income	8,678	7,700	7,821	24,199
Other Investment Income	19,723	53,450	303	73,476
Income from Real Estate Investment	56,818	--	30,085	86,903
Investment Income	<u>2,336,175</u>	<u>1,584,484</u>	<u>1,319,050</u>	<u>5,239,709</u>
Investment Expense	(78,385)	(58,819)	(35,345)	(172,549)
Securities Lending Expense	(1,097)	(1,132)	(3,035)	(5,264)
Net Investment Income	<u>2,256,693</u>	<u>1,524,533</u>	<u>1,280,670</u>	<u>5,061,896</u>
<b>TOTAL ADDITIONS</b>	<u>2,843,339</u>	<u>2,205,569</u>	<u>1,787,038</u>	<u>6,835,946</u>
<b>DEDUCTIONS</b>				
Benefit Payments	925,903	799,221	560,068	2,285,192
Refunds of Member Contributions	4,175	9,803	4,446	18,424
Administrative Expenses	19,134	16,019	7,360	42,513
<b>TOTAL DEDUCTIONS</b>	<u>949,212</u>	<u>825,043</u>	<u>571,874</u>	<u>2,346,129</u>
<b>CHANGE IN NET POSITION</b>				
Benefit Pension Plans	1,894,127	1,380,526	1,216,057	4,490,710
Disability Plan	--	--	(292)	(292)
Death Benefit Plan	--	--	(601)	(601)
<b>TOTAL CHANGE IN NET POSITION</b>	<u>1,894,127</u>	<u>1,380,526</u>	<u>1,215,164</u>	<u>4,489,817</u>
Net Position Restricted for Pension, July 1				
Benefit Pension Plans	17,104,276	11,870,182	10,097,842	39,072,300
Disability Plan	--	--	47,487	47,487
Death Benefit Plan	--	--	28,185	28,185
<b>NET POSITION RESTRICTED FOR PENSION, JUNE 30</b>	<u>\$ 18,998,403</u>	<u>\$ 13,250,708</u>	<u>\$ 11,388,678</u>	<u>\$ 43,637,789</u>

**CITY OF LOS ANGELES**

**Combining Statement of Fiduciary Net Position  
Other Postemployment Benefits Trust Funds  
June 30, 2017**

(amounts expressed in thousands)

	<b>Fire and Police Health Subsidy Plan</b>	<b>Los Angeles City Employees' Postemployment Health Care Plan</b>	<b>Water and Power Employees' Retiree Health Benefits Plan</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 128	\$ 494	\$ 518	\$ 1,140
Receivables				
Accrued Investment Income	4,671	8,204	5,083	17,958
Other Receivables	--	2,103	--	2,103
Due from Brokers	11,311	17,503	29,703	58,517
Other Investments				
Short-Term Investments	90,176	75,909	56,040	222,125
U. S. Government Obligations	191,134	147,196	136,964	475,294
U. S. Agency Notes	--	--	126,625	126,625
Municipal Bonds	--	665	659	1,324
Domestic Corporate Bonds	139,135	143,177	150,756	433,068
International Bonds	303	87,234	49,279	136,816
Other Fixed Income	--	135,046	--	135,046
Bank Loans	--	989	--	989
Opportunistic Debt	--	14,053	--	14,053
Domestic Stocks	633,552	655,449	731,797	2,020,798
International Stocks	330,435	746,613	364,551	1,441,599
Mortgage-Backed Securities	--	60,701	29,142	89,843
Government Agencies	--	5,237	--	5,237
Derivative Instruments	--	367	--	367
Real Estate	121,014	129,773	98,213	349,000
Alternative Investments	170,649	245,393	180,124	596,166
Private Equity	--	--	--	--
Securities Lending Collateral	120,982	134,256	147,620	402,858
Prepaid Health Subsidy	9,622	--	--	9,622
Capital Assets				
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$265)	2,134	1,009	--	3,143
<b>TOTAL ASSETS</b>	<b>1,825,246</b>	<b>2,611,371</b>	<b>2,107,074</b>	<b>6,543,691</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	870	5,843	5,931	12,644
Accrued Investment Expenses	--	1,675	--	1,675
Benefits in Process of Payment	874	--	--	874
Derivative Instruments	--	--	--	--
Due to Brokers	20,262	30,735	41,642	92,639
Obligations Under Securities				
Lending Transactions	120,982	134,256	147,620	402,858
Mortgage Loan Payable - Current Portion	231	--	--	231
Mortgage Loan Payable - Noncurrent Portion	16,199	--	--	16,199
Deposits and Advances	2	--	--	2
<b>TOTAL LIABILITIES</b>	<b>159,420</b>	<b>172,509</b>	<b>195,193</b>	<b>527,122</b>
<b>NET POSITION</b>				
Restricted for Postemployment Healthcare Benefits	\$ 1,665,826	\$ 2,438,862	\$ 1,911,881	\$ 6,016,569

CITY OF LOS ANGELES

**Combining Statement of Changes in Fiduciary Net Position  
Other Postemployment Benefits Trust Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	Fire and Police Health Subsidy Plan	Los Angeles City Employees' Postemployment Health Care Plan	Water and Power Employees' Retiree Health Benefits Plan	Total
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 165,170	\$ 97,457	\$ 91,024	\$ 353,651
Other	39	--	--	39
Total Contributions	<u>165,209</u>	<u>97,457</u>	<u>91,024</u>	<u>353,690</u>
Investment Income				
Net Appreciation in Fair Value of				
Investments	158,013	282,274	190,298	630,585
Interest Income	9,761	16,887	17,088	43,736
Income from Alternative Investments	1,569	--	307	1,876
Dividend Income	19,557	32,371	11,532	63,460
Securities Lending Income	728	1,525	1,722	3,975
Other Investment Income	1,655	10,587	21	12,263
Income from Real Estate Investment	4,768	--	4,528	9,296
Investment Income	<u>196,051</u>	<u>343,644</u>	<u>225,496</u>	<u>765,191</u>
Investment Expense	(6,578)	(13,025)	(5,945)	(25,548)
Securities Lending Expense	<u>(92)</u>	<u>(251)</u>	<u>(716)</u>	<u>(1,059)</u>
Net Investment Income	<u>189,381</u>	<u>330,368</u>	<u>218,835</u>	<u>738,584</u>
<b>TOTAL ADDITIONS</b>	<u>354,590</u>	<u>427,825</u>	<u>309,859</u>	<u>1,092,274</u>
<b>DEDUCTIONS</b>				
Benefit Payments	122,562	119,616	90,310	332,488
Administrative Expenses	<u>1,606</u>	<u>4,224</u>	<u>585</u>	<u>6,415</u>
<b>TOTAL DEDUCTIONS</b>	<u>124,168</u>	<u>123,840</u>	<u>90,895</u>	<u>338,903</u>
<b>CHANGE IN NET POSITION</b>	230,422	303,985	218,964	753,371
Net Position Restricted for Postemployment				
Healthcare Benefits, July 1	<u>1,435,404</u>	<u>2,134,877</u>	<u>1,692,917</u>	<u>5,263,198</u>
<b>NET POSITION RESTRICTED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS,</b>	<u>\$ 1,665,826</u>	<u>\$ 2,438,862</u>	<u>\$ 1,911,881</u>	<u>\$ 6,016,569</u>

**CITY OF LOS ANGELES**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2017**  
**(amounts expressed in thousands)**

	<b>Building and Safety</b>	<b>Internal Revenue Code Section 501 (c) Employee Benefits</b>	<b>Public Works</b>	<b>Other Agency Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 29,339	\$ 31,417	\$ 104,871	\$ 158,093	\$ 323,720
Other Investments	--	--	--	456	456
Accounts Receivable	--	62,877	--	--	62,877
Special Assessments Receivable	--	--	--	239	239
Investment Income Receivable	34	90	2	18	144
Advances to Other Funds	--	--	19,450	--	19,450
<b>TOTAL ASSETS</b>	<b>\$ 29,373</b>	<b>\$ 94,384</b>	<b>\$ 124,323</b>	<b>\$ 158,806</b>	<b>\$ 406,886</b>
<b>LIABILITIES</b>					
Fiduciary Liabilities	\$ --	\$ 93,159	\$ --	\$ 129,746	\$ 222,905
Obligations Under Securities Lending Transactions	263	1,225	25	299	1,812
Due to Other Funds	--	--	--	185	185
Deposits and Advances	29,110	--	124,253	28,576	181,939
Advances from Other funds	--	--	45	--	45
<b>TOTAL LIABILITIES</b>	<b>\$ 29,373</b>	<b>\$ 94,384</b>	<b>\$ 124,323</b>	<b>\$ 158,806</b>	<b>\$ 406,886</b>

**CITY OF LOS ANGELES**


**Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2017  
(amounts expressed in thousands)**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b><u>BUILDING AND SAFETY</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 23,813	\$ 100,357	\$ 94,831	\$ 29,339
Investment Income Receivable	19	34	19	34
<b>TOTAL ASSETS</b>	<b>\$ 23,832</b>	<b>\$ 100,391</b>	<b>\$ 94,850</b>	<b>\$ 29,373</b>
<b>LIABILITIES</b>				
Obligations Under Securities Lending Transactions	\$ 214	\$ 49	\$ --	\$ 263
Deposits and Advances	23,618	100,342	94,850	29,110
<b>TOTAL LIABILITIES</b>	<b>\$ 23,832</b>	<b>\$ 100,391</b>	<b>\$ 94,850</b>	<b>\$ 29,373</b>
<b><u>INTERNAL REVENUE CODE SECTION 501(c)</u></b>				
<b><u>EMPLOYEE BENEFITS</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 32,186	\$ 100,338	\$ 101,107	\$ 31,417
Accounts Receivable	30,909	31,968	--	62,877
Investment Income Receivable	87	3	--	90
<b>TOTAL ASSETS</b>	<b>\$ 63,182</b>	<b>\$ 132,309</b>	<b>\$ 101,107</b>	<b>\$ 94,384</b>
<b>LIABILITIES</b>				
Fiduciary Liabilities	\$ 61,578	\$ 132,076	\$ 100,495	\$ 93,159
Obligations Under Securities Lending Transactions	992	233	--	1,225
Due to Other Funds	612	--	612	--
<b>TOTAL LIABILITIES</b>	<b>\$ 63,182</b>	<b>\$ 132,309</b>	<b>\$ 101,107</b>	<b>\$ 94,384</b>
<b><u>PUBLIC WORKS</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 83,574	\$ 40,791	\$ 19,494	\$ 104,871
Investment Income Receivable	2	--	--	2
Advances to Other Funds	23,676	5,299	9,525	19,450
<b>TOTAL ASSETS</b>	<b>\$ 107,252</b>	<b>\$ 46,090</b>	<b>\$ 29,019</b>	<b>\$ 124,323</b>
<b>LIABILITIES</b>				
Obligations Under Securities Lending Transactions	\$ 19	\$ 6	\$ --	\$ 25
Deposits and Advances	107,188	46,084	29,019	124,253
Advances from Other Funds	45	--	--	45
<b>TOTAL LIABILITIES</b>	<b>\$ 107,252</b>	<b>\$ 46,090</b>	<b>\$ 29,019</b>	<b>\$ 124,323</b>
<b><u>OTHER AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 198,717	\$ 50,090,386	\$ 50,131,010	\$ 158,093
Other Investments	438	18	--	456
Special Assessments Receivable	183	239	183	239
Investment Income Receivable	16	2	--	18
<b>TOTAL ASSETS</b>	<b>\$ 199,354</b>	<b>\$ 50,090,645</b>	<b>\$ 50,131,193</b>	<b>\$ 158,806</b>
<b>LIABILITIES</b>				
Fiduciary Liabilities	\$ 175,020	\$ 50,085,593	\$ 50,130,867	\$ 129,746
Obligations Under Securities Lending Transactions	239	60	--	299
Due to Other Funds	185	--	--	185
Deposits and Advances	23,910	4,992	326	28,576
<b>TOTAL LIABILITIES</b>	<b>\$ 199,354</b>	<b>\$ 50,090,645</b>	<b>\$ 50,131,193</b>	<b>\$ 158,806</b>

Continued...

**CITY OF LOS ANGELES**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds - (Continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(amounts expressed in thousands)**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 338,290	\$ 50,331,872	\$ 50,346,442	\$ 323,720
Other Investments	438	18	--	456
Accounts Receivable	30,909	31,968	--	62,877
Special Assessments Receivable	183	239	183	239
Investment Income Receivable	124	39	19	144
Advances to Other Funds	23,676	5,299	9,525	19,450
<b>TOTAL ASSETS</b>	<b>\$ 393,620</b>	<b>\$ 50,369,435</b>	<b>\$ 50,356,169</b>	<b>\$ 406,886</b>
<b>LIABILITIES</b>				
Fiduciary Liabilities	\$ 236,598	\$ 50,217,669	\$ 50,231,362	\$ 222,905
Obligations Under Securities Lending Transactions	1,464	348	--	1,812
Due to Other Funds	797	--	612	185
Deposits and Advances	154,716	151,418	124,195	181,939
Advances from Other Funds	45	--	--	45
<b>TOTAL LIABILITIES</b>	<b>\$ 393,620</b>	<b>\$ 50,369,435</b>	<b>\$ 50,356,169</b>	<b>\$ 406,886</b>



# STATISTICAL SECTION

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## **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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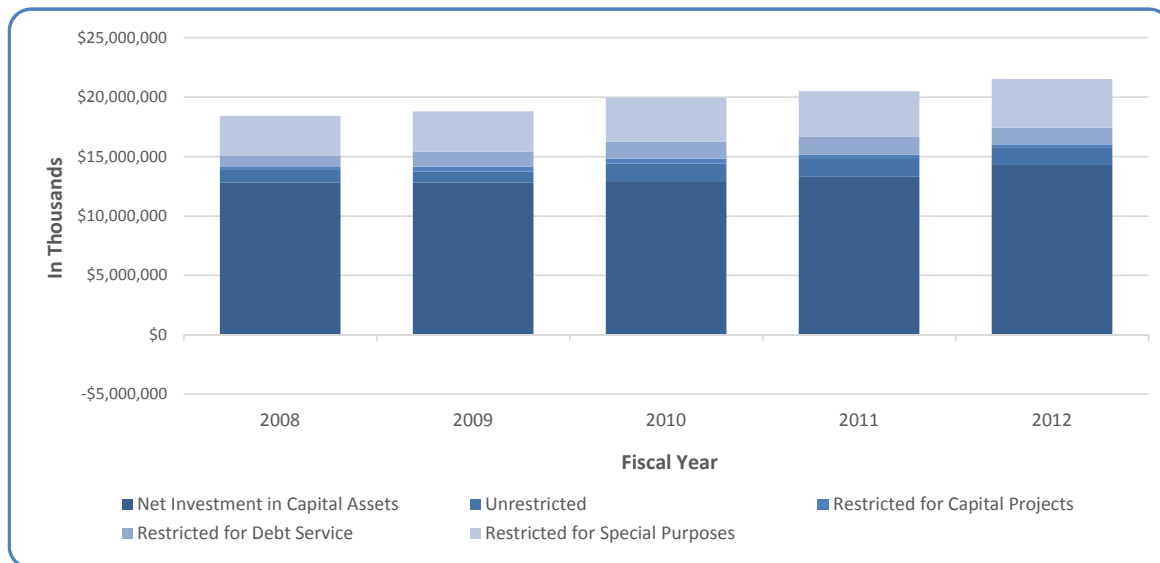
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**CITY OF LOS ANGELES**  
**Net Position by Category**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 3,415,049	\$ 3,633,548	\$ 3,798,442	\$ 4,140,258	\$ 4,416,934
Restricted for:					
Capital Projects	132,583	138,237	158,878	61,090	74,721
Debt Service	209,072	216,751	228,515	215,496	157,402
Special Purposes	1,736,490	1,639,594	1,679,989	1,753,510	1,853,933
Unrestricted (Deficit)	<u>(1,455,537)</u>	<u>(1,707,447)</u>	<u>(1,564,473)</u>	<u>(1,794,315)</u>	<u>(1,782,463)</u>
<b>Subtotal Governmental Activities Net Position</b>	<u>4,037,657</u>	<u>3,920,683</u>	<u>4,301,351</u>	<u>4,376,039</u>	<u>4,720,527</u>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	9,372,493	9,148,381	9,135,266	9,186,620	9,940,457
Restricted for:					
Capital Projects	115,428	274,711	238,467	237,019	168,924
Debt Service	758,318	1,044,956	1,214,521	1,262,623	1,223,993
Special Purposes	1,606,749	1,750,093	2,026,244	2,086,775	2,232,788
Unrestricted	<u>2,527,916</u>	<u>2,657,431</u>	<u>3,038,407</u>	<u>3,336,976</u>	<u>3,214,165</u>
<b>Subtotal Business-type Activities Net Position</b>	<u>14,380,904</u>	<u>14,875,572</u>	<u>15,652,905</u>	<u>16,110,013</u>	<u>16,780,327</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	12,787,542	12,781,929	12,933,708	13,326,878	14,357,391
Restricted for:					
Capital Projects	248,011	412,948	397,345	298,109	243,645
Debt Service	967,390	1,261,707	1,443,036	1,478,119	1,381,395
Special Purposes	3,343,239	3,389,687	3,706,233	3,840,285	4,086,721
Unrestricted	<u>1,072,379</u>	<u>949,984</u>	<u>1,473,934</u>	<u>1,542,661</u>	<u>1,431,702</u>
<b>Total Primary Government Net Position</b>	<u>\$18,418,561</u>	<u>\$18,796,255</u>	<u>\$19,954,256</u>	<u>\$20,486,052</u>	<u>\$21,500,854</u>

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**Primary Government- Net Position by Category**

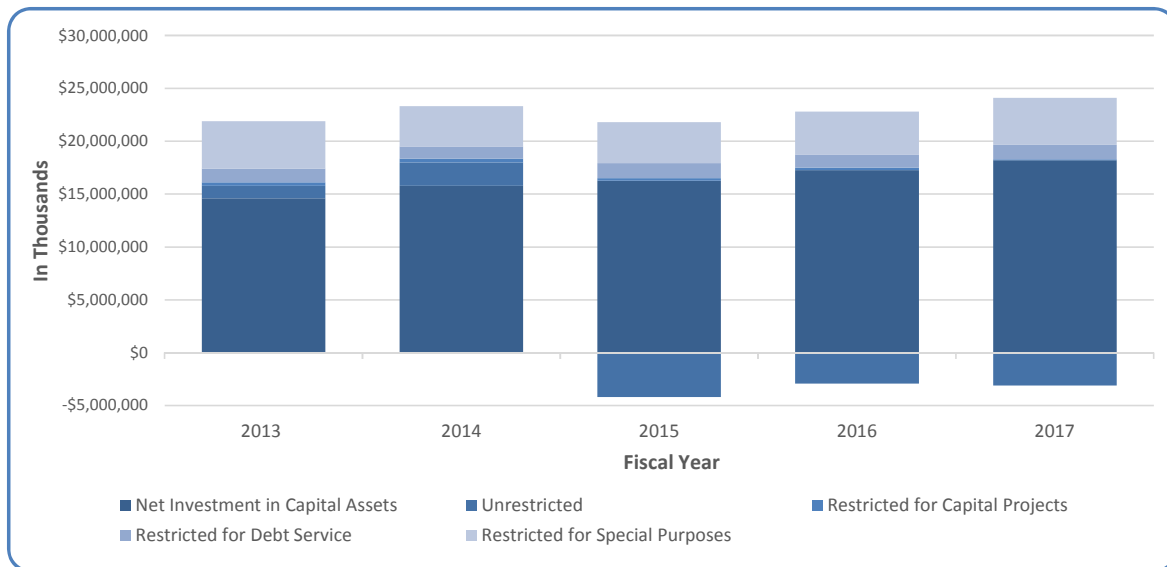


**CITY OF LOS ANGELES**  
**Net Position by Category**  
**Accrual Basis of Accounting (Continued)**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 4,452,921	\$ 4,646,514	\$ 4,760,372	\$ 5,267,860	\$ 5,385,062
Restricted for:					
Capital Projects	89,055	204,181	100,835	96,477	98,258
Debt Service	154,321	130,104	322,336	162,142	181,685
Special Purposes	2,193,433	1,467,249	1,663,223	1,877,242	2,191,572
Unrestricted (Deficit)	<u>(2,429,330)</u>	<u>(1,276,678)</u>	<u>(7,383,558)</u>	<u>(6,559,669)</u>	<u>(6,579,324)</u>
<b>Subtotal Governmental Activities Net Position</b>	<u>4,460,400</u>	<u>5,171,370</u>	<u>(536,792)</u>	<u>844,052</u>	<u>1,277,253</u>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	10,135,052	11,113,795	11,489,529	11,990,919	12,798,720
Restricted for:					
Capital Projects	249,773	135,700	138,759	143,033	--
Debt Service	1,147,819	1,045,688	1,118,078	1,086,557	1,172,984
Special Purposes	2,264,948	2,332,259	2,203,721	2,177,049	2,248,391
Unrestricted	<u>3,619,888</u>	<u>3,506,415</u>	<u>3,169,708</u>	<u>3,625,643</u>	<u>3,481,621</u>
<b>Subtotal Business-type Activities Net Position</b>	<u>17,417,480</u>	<u>18,133,857</u>	<u>18,119,795</u>	<u>19,023,201</u>	<u>19,701,716</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	14,587,973	15,760,309	16,249,901	17,258,779	18,183,782
Restricted for:					
Capital Projects	338,828	339,881	239,594	239,510	98,258
Debt Service	1,302,140	1,175,792	1,440,414	1,248,699	1,354,669
Special Purposes	4,458,381	3,799,508	3,866,944	4,054,291	4,439,963
Unrestricted	<u>1,190,558</u>	<u>2,229,737</u>	<u>(4,213,850)</u>	<u>(2,934,026)</u>	<u>(3,097,703)</u>
<b>Total Primary Government Net Position</b>	<u>\$21,877,880</u>	<u>\$23,305,227</u>	<u>\$17,583,003</u>	<u>\$19,867,253</u>	<u>\$ 20,978,969</u>

Note: GASB Statement No. 68 was implemented in fiscal year 2015. Prior years' financial statements were not restated.

**Primary Government- Net Position by Category**



**CITY OF LOS ANGELES**  
**Changes in Net Position**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Expenses</b>					
Governmental Activities					
General Government	\$ 1,570,377	\$ 1,507,318	\$ 1,279,697	\$ 1,462,581	\$ 1,335,180
Protection of Persons and Property	2,741,492	2,552,413	2,618,138	2,641,343	2,707,892
Public Works	261,917	451,141	392,874	342,722	413,348
Health and Sanitation	381,406	416,247	382,127	393,827	416,894
Transportation	392,748	406,464	368,000	338,755	365,841
Cultural and Recreational Services	446,051	413,119	415,344	446,805	445,815
Community Development	405,859	373,244	349,203	429,695	437,229
Interest on Long-term Debt	217,073	189,966	186,711	190,424	194,513
Subtotal Governmental Activities Expenses	<u>6,416,923</u>	<u>6,309,912</u>	<u>5,992,094</u>	<u>6,246,152</u>	<u>6,316,712</u>
Business-type Activities					
Airports	755,983	782,036	765,513	834,071	897,380
Harbor	342,148	382,168	336,104	310,534	333,355
Power	2,658,634	2,544,032	2,843,642	2,964,399	2,870,609
Water	704,529	762,802	787,836	791,049	799,575
Sewer	554,447	553,251	552,006	557,269	542,850
Other- Convention Center	38,753	38,718	32,842	40,400	39,107
Subtotal Business-type Activities Expenses	<u>5,054,494</u>	<u>5,063,007</u>	<u>5,317,943</u>	<u>5,497,722</u>	<u>5,482,876</u>
<b>Total Primary Government Expenses</b>	<u>11,471,417</u>	<u>11,372,919</u>	<u>11,310,037</u>	<u>11,743,874</u>	<u>11,799,588</u>
<b>Program Revenues</b>					
Governmental Activities					
Charges for Services					
General Government	260,540	278,800	204,372	241,681	246,357
Protection of Persons and Property	357,038	281,388	333,778	317,283	326,396
Public Works	173,774	166,387	170,997	162,551	166,061
Health and Sanitation	379,300	445,108	454,586	467,614	493,422
Transportation	90,588	94,832	92,390	99,797	125,392
Cultural and Recreational Services	116,853	119,180	108,822	128,170	152,434
Community Development	91,347	74,988	73,344	63,903	112,897
Operating Grants and Contributions	979,238	854,128	900,569	924,031	1,023,001
Capital Grants and Contributions	100,994	79,981	86,275	75,744	96,156
Subtotal Governmental Activities Program Revenues	<u>2,549,672</u>	<u>2,394,792</u>	<u>2,425,133</u>	<u>2,480,774</u>	<u>2,742,116</u>
Business-type Activities					
Charges for Services					
Airports	983,787	960,461	968,022	1,052,790	1,114,431
Harbor	467,161	424,036	424,321	406,606	435,291
Power	2,962,693	2,899,485	3,372,648	3,252,872	3,212,141
Water	777,110	798,664	831,039	783,056	849,122
Sewer	543,417	547,666	545,874	517,212	532,026
Other- Convention Center	26,162	26,798	22,501	26,535	27,355
Operating Grants and Contributions	10,490	--	--	--	--
Capital Grants and Contributions	201,299	153,142	151,346	174,574	158,114
Subtotal Business-type Activities Program Revenues	<u>5,972,119</u>	<u>5,810,252</u>	<u>6,315,751</u>	<u>6,213,645</u>	<u>6,328,480</u>
<b>Total Primary Government Program Revenues</b>	<u>8,521,791</u>	<u>8,205,044</u>	<u>8,740,884</u>	<u>8,694,419</u>	<u>9,070,596</u>

Continued...

**CITY OF LOS ANGELES**

**Changes in Net Position  
Accrual Basis of Accounting - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Expenses</b>					
Governmental Activities					
General Government	\$ 2,089,053	\$ 1,481,977	\$ 1,240,898	\$ 1,348,442	\$ 1,480,735
Protection of Persons and Property	2,789,023	2,963,882	2,872,296	2,797,651	3,348,298
Public Works	387,649	383,433	422,558	235,840	411,168
Health and Sanitation	405,934	519,519	467,548	504,364	478,040
Transportation	423,595	425,967	406,573	420,799	506,782
Cultural and Recreational Services	482,692	524,282	541,758	595,454	556,152
Community Development	386,346	321,263	169,121	187,453	242,636
Interest on Long-term Debt	179,588	159,991	146,896	131,893	124,364
Subtotal Governmental Activities Expenses	<u>7,143,880</u>	<u>6,780,314</u>	<u>6,267,648</u>	<u>6,221,896</u>	<u>7,148,175</u>
Business-type Activities					
Airports	922,914	984,754	1,092,463	1,174,620	1,284,299
Harbor	331,626	372,645	379,809	398,954	412,315
Power	2,928,377	3,092,108	3,204,535	3,229,174	3,414,456
Water	939,094	1,053,150	1,037,652	1,039,575	1,049,397
Sewer	572,425	542,007	513,226	584,971	577,240
Other- Convention Center	39,073	38,450	43,871	49,531	53,686
Subtotal Business-type Activities Expenses	<u>5,733,509</u>	<u>6,083,114</u>	<u>6,271,556</u>	<u>6,476,825</u>	<u>6,791,393</u>
<b>Total Primary Government Expenses</b>	<u>12,877,389</u>	<u>12,863,428</u>	<u>12,539,204</u>	<u>12,698,721</u>	<u>13,939,568</u>
<b>Program Revenues</b>					
Governmental Activities					
Charges for Services					
General Government	305,545	246,641	285,973	96,117	8,265
Protection of Persons and Property	385,961	443,352	439,901	520,550	600,720
Public Works	169,473	165,229	182,758	253,103	232,095
Health and Sanitation	495,544	492,238	494,420	600,117	565,941
Transportation	121,374	143,103	151,813	179,288	186,386
Cultural and Recreational Services	149,237	153,544	160,736	179,046	203,719
Community Development	111,259	117,097	139,509	183,890	194,568
Operating Grants and Contributions	871,459	903,146	834,075	827,258	774,953
Capital Grants and Contributions	55,138	46,878	42,705	123,757	145,509
Subtotal Governmental Activities Program Revenues	<u>2,664,990</u>	<u>2,711,228</u>	<u>2,731,890</u>	<u>2,963,126</u>	<u>2,912,156</u>
Business-type Activities					
Charges for Services					
Airports	1,122,704	1,038,506	1,121,584	1,285,816	1,372,730
Harbor	416,974	425,951	446,895	441,249	474,532
Power	3,264,534	3,319,820	3,336,963	3,517,040	3,697,924
Water	1,073,948	1,141,823	1,082,581	1,131,777	1,118,547
Sewer	588,987	571,570	594,024	613,092	634,060
Other- Convention Center	27,255	24,937	36,158	44,311	47,173
Operating Grants and Contributions	--	--	--	--	--
Capital Grants and Contributions	109,407	367,841	270,637	232,183	186,635
Subtotal Business-type Activities Program Revenues	<u>6,603,809</u>	<u>6,890,448</u>	<u>6,888,842</u>	<u>7,265,468</u>	<u>7,531,601</u>
<b>Total Primary Government Program Revenues</b>	<u>9,268,799</u>	<u>9,601,676</u>	<u>9,620,732</u>	<u>10,228,594</u>	<u>10,443,757</u>

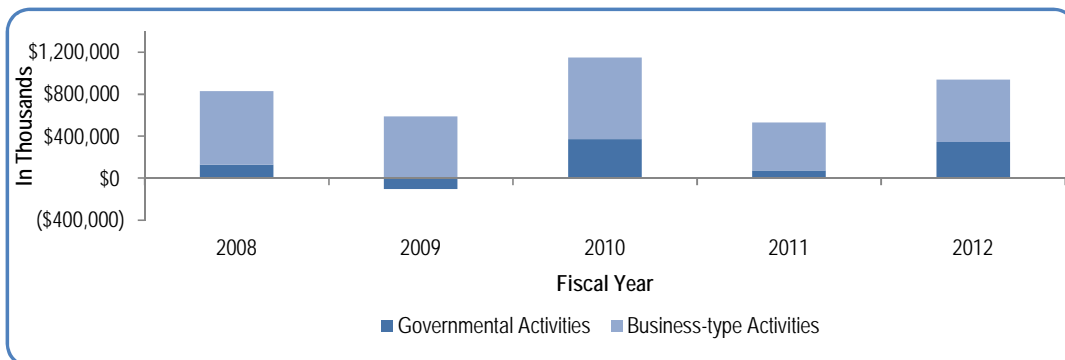
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**CITY OF LOS ANGELES**  
**Changes in Net Position**  
**Accrual Basis of Accounting - (Continued)**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (3,867,251)	\$ (3,915,120)	\$ (3,566,961)	\$ (3,765,378)	\$ (3,574,596)
Business-type Activities	917,625	747,245	997,808	715,923	845,604
<b>Total Primary Government Net Expense</b>	<u>(2,949,626)</u>	<u>(3,167,875)</u>	<u>(2,569,153)</u>	<u>(3,049,455)</u>	<u>(2,728,992)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Taxes					
Property Taxes	1,483,049	1,603,209	1,556,179	1,521,632	1,561,778
Utility Users' Taxes	631,716	646,165	658,110	628,028	623,721
Business Taxes	534,272	450,848	510,269	410,888	440,327
Other Taxes	497,455	399,851	457,473	392,405	458,741
Unrestricted Grants and Contributions					
Sales Taxes	456,650	412,268	399,330	434,539	425,397
Other	32,064	33,467	56,048	52,704	45,429
Unrestricted Investment Earnings	80,538	46,772	27,372	18,814	21,879
Other General Revenues	64,285	60,879	54,005	75,838	91,735
Transfers	215,407	159,150	220,475	258,815	250,077
Extraordinary Items					
Gain (Loss) on Loan Settlement	--	--	--	(47,007)	--
Transfer of Properties from CRA	--	--	--	93,410	--
Return of Properties to CRA	--	--	--	--	--
Transfer of Assets from CRA	--	--	--	--	--
Subtotal Governmental Activities	<u>3,995,436</u>	<u>3,812,609</u>	<u>3,939,261</u>	<u>3,840,066</u>	<u>3,919,084</u>
Business-type Activities					
Unrestricted Investment Earnings	--	--	--	--	--
Other General Revenues	--	--	--	--	--
Transfers	(215,407)	(159,150)	(220,475)	(258,815)	(250,077)
Pollution Remediation Liabilities Adjustment	--	--	--	--	--
Special Item	--	--	--	--	--
Extraordinary Item	--	--	--	--	--
Subtotal Business-type Activities	<u>(215,407)</u>	<u>(159,150)</u>	<u>(220,475)</u>	<u>(258,815)</u>	<u>(250,077)</u>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<u>3,780,029</u>	<u>3,653,459</u>	<u>3,718,786</u>	<u>3,581,251</u>	<u>3,669,007</u>
<b>Change in Net Position</b>					
Governmental Activities	128,185	(102,511)	372,300	74,688	344,488
Business-type Activities	702,218	588,095	777,333	457,108	595,527
<b>Total Primary Government Change in Net Position</b>	<u>\$ 830,403</u>	<u>\$ 485,584</u>	<u>\$ 1,149,633</u>	<u>\$ 531,796</u>	<u>\$ 940,015</u>

Continued...

**Changes in Net Position**



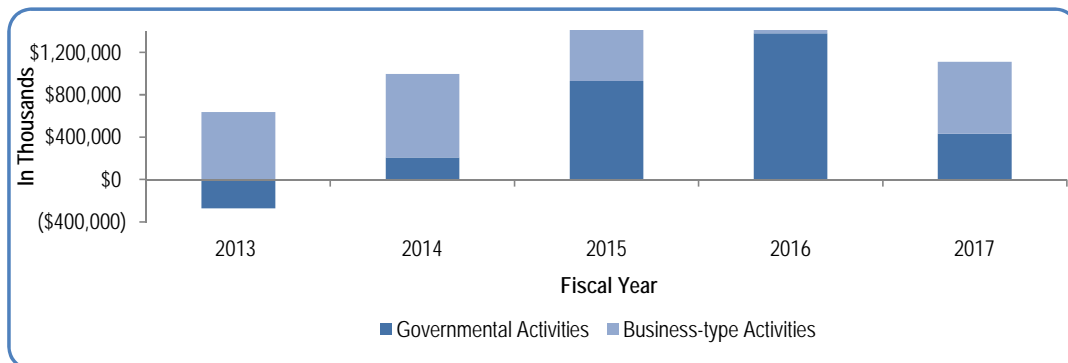
**CITY OF LOS ANGELES**

**Changes in Net Position  
Accrual Basis of Accounting - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (4,478,890)	\$ (4,069,086)	\$ (3,535,758)	\$ (3,258,770)	\$ (4,236,019)
Business-type Activities	870,300	807,334	617,286	788,643	740,208
<b>Total Primary Government Net Expense</b>	<b>(3,608,590)</b>	<b>(3,261,752)</b>	<b>(2,918,472)</b>	<b>(2,470,127)</b>	<b>(3,495,811)</b>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Taxes					
Property Taxes	1,629,914	1,653,067	1,782,124	1,844,945	1,991,949
Utility Users' Taxes	627,707	626,919	637,248	613,748	629,952
Business Taxes	482,857	463,602	541,844	610,467	433,985
Other Taxes	523,308	565,567	625,889	660,072	727,376
Unrestricted Grants and Contributions					
Sales Taxes	460,086	478,291	494,685	538,123	538,651
Other	20,825	55,149	16,421	8,009	16,758
Unrestricted Investment Earnings	(298)	19,935	20,724	39,737	1,291
Other General Revenues	105,850	117,579	81,303	57,531	63,831
Transfers	246,534	253,000	260,586	266,982	265,427
Extraordinary Items					
Gain (Loss) on Loan Settlement	--	--	--	--	--
Transfer of Properties from CRA	--	--	--	--	--
Return of Properties to CRA	(93,191)	--	--	--	--
Transfer of Assets from CRA	205,265	44,155	4,855	--	--
Subtotal Governmental Activities	<u>4,208,857</u>	<u>4,277,264</u>	<u>4,465,679</u>	<u>4,639,614</u>	<u>4,669,220</u>
Business-type Activities					
Unrestricted Investment Earnings	--	98,264	86,367	129,316	32,997
Other General Revenues	--	122,160	275,885	252,429	386,934
Transfers	(246,534)	(253,000)	(260,586)	(266,982)	(265,427)
Pollution Remediation Liabilities Adjustment	13,387	15,002	--	--	--
Special Item	--	--	--	--	(225,347)
Extraordinary Item	--	--	--	--	9,150
Subtotal Business-type Activities	<u>(233,147)</u>	<u>(17,574)</u>	<u>101,666</u>	<u>114,763</u>	<u>(61,693)</u>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<b><u>3,975,710</u></b>	<b><u>4,259,690</u></b>	<b><u>4,567,345</u></b>	<b><u>4,754,377</u></b>	<b><u>4,607,527</u></b>
<b>Change in Net Position</b>					
Governmental Activities	(270,033)	208,178	929,921	1,380,844	433,201
Business-type Activities	637,153	789,760	718,952	903,406	678,515
<b>Total Primary Government Change in Net Position</b>	<b><u>\$ 367,120</u></b>	<b><u>\$ 997,938</u></b>	<b><u>\$ 1,648,873</u></b>	<b><u>\$ 2,284,250</u></b>	<b><u>\$ 1,111,716</u></b>

Note: GASB Statement No. 68 was implemented in fiscal year 2015. Prior years' financial statements were not restated.

**Changes in Net Position**



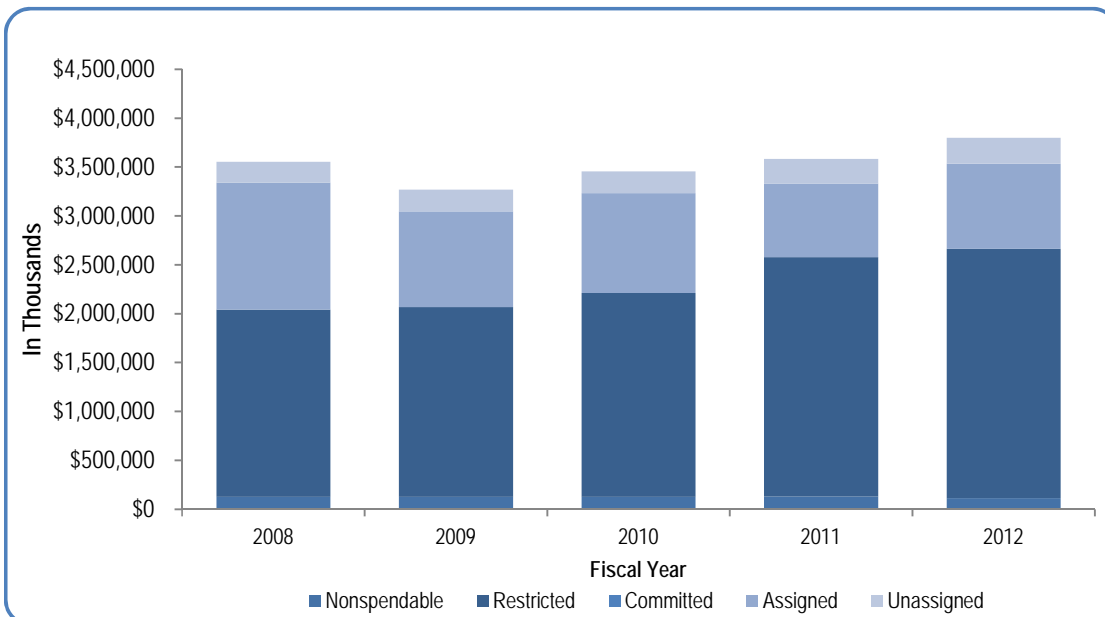
**CITY OF LOS ANGELES**

**Fund Balances - Governmental Funds  
Modified Accrual Basis of Accounting  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>General Fund</b>					
Nonspendable	\$ 30,304	\$ 27,879	\$ 29,771	\$ 26,299	\$ 31,134
Committed	--	--	--	--	--
Assigned	352,416	233,761	182,835	239,877	267,645
Unassigned	215,227	221,811	224,574	253,882	272,905
<b>Subtotal General Fund</b>	<b>597,947</b>	<b>483,451</b>	<b>437,180</b>	<b>520,058</b>	<b>571,684</b>
<b>All Other Governmental Funds</b>					
Nonspendable	97,966	98,048	97,785	104,175	82,397
Restricted	1,912,230	1,942,596	2,084,310	2,447,798	2,548,980
Committed	--	--	--	--	--
Assigned	948,735	743,720	838,014	512,650	603,657
Unassigned	(2,473)	712	(789)	(1,299)	(7,393)
<b>Subtotal All Other Governmental Funds</b>	<b>2,956,458</b>	<b>2,785,076</b>	<b>3,019,320</b>	<b>3,063,324</b>	<b>3,227,641</b>
<b>All Governmental Funds</b>					
Nonspendable	128,270	125,927	127,556	130,474	113,531
Restricted	1,912,230	1,942,596	2,084,310	2,447,798	2,548,980
Committed	--	--	--	--	--
Assigned	1,301,151	977,481	1,020,849	752,527	871,302
Unassigned	212,754	222,523	223,785	252,583	265,512
<b>Total All Governmental Funds</b>	<b>\$3,554,405</b>	<b>\$3,268,527</b>	<b>\$3,456,500</b>	<b>\$3,583,382</b>	<b>\$3,799,325</b>

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**Fund Balances - Governmental Funds**



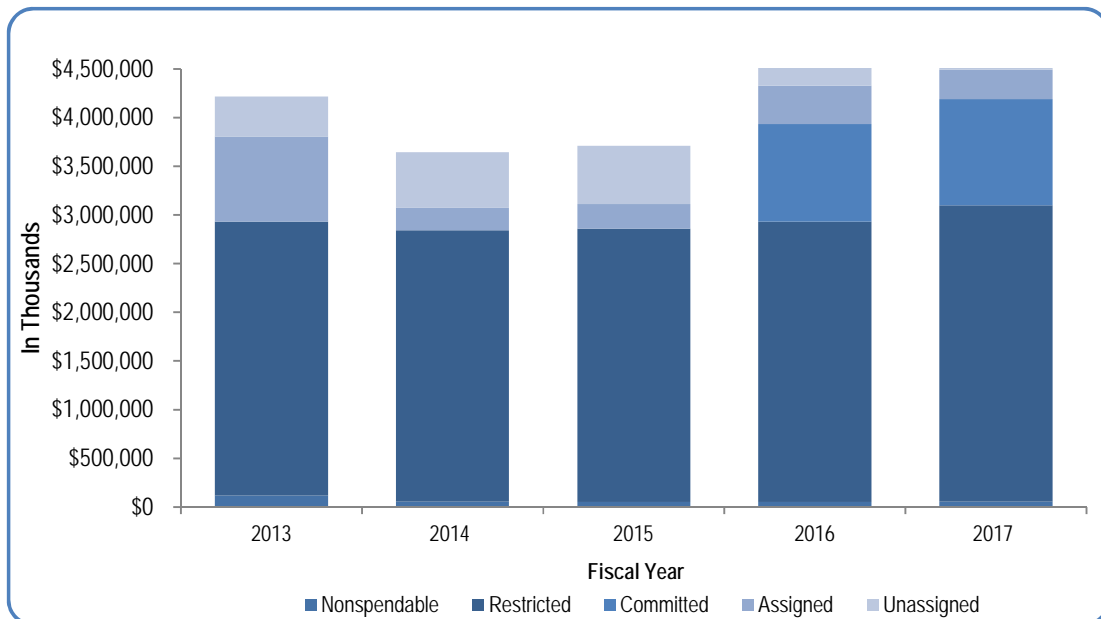


**CITY OF LOS ANGELES**

**Fund Balances - Governmental Funds  
Modified Accrual Basis of Accounting - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>General Fund</b>					
Nonspendable	\$ 43,115	\$ 43,146	\$ 42,146	\$ 44,210	\$ 45,480
Committed	--	--	2,457	1,296	9,723
Assigned	242,643	230,717	253,388	392,418	304,482
Unassigned	436,858	622,208	647,558	590,441	526,543
<b>Subtotal General Fund</b>	<b>722,616</b>	<b>896,071</b>	<b>945,549</b>	<b>1,028,365</b>	<b>886,228</b>
<b>All Other Governmental Funds</b>					
Nonspendable	75,204	10,946	10,473	8,893	8,884
Restricted	2,813,386	2,788,734	2,806,864	2,880,111	3,045,932
Committed	--	761,828	862,471	1,000,834	1,080,301
Assigned	631,529	--	14	15	153
Unassigned	(26,112)	(49,742)	(50,270)	(96,668)	(72,758)
<b>Subtotal All Other Governmental Funds</b>	<b>3,494,007</b>	<b>3,511,766</b>	<b>3,629,552</b>	<b>3,793,185</b>	<b>4,062,512</b>
<b>All Governmental Funds</b>					
Nonspendable	118,319	54,092	52,619	53,103	54,364
Restricted	2,813,386	2,788,734	2,806,864	2,880,111	3,045,932
Committed	--	761,828	864,928	1,002,130	1,090,024
Assigned	874,172	230,717	253,402	392,433	304,635
Unassigned	410,746	572,466	597,288	493,773	453,785
<b>Total All Governmental Funds</b>	<b>\$4,216,623</b>	<b>\$4,407,837</b>	<b>\$ 4,575,101</b>	<b>\$4,821,550</b>	<b>\$4,948,740</b>

**Fund Balances - Governmental Funds**



**CITY OF LOS ANGELES**

**Changes in Fund Balances - Governmental Funds  
Modified Accrual Basis of Accounting  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Revenues</b>					
Taxes	\$ 3,480,296	\$ 3,506,089	\$ 3,397,650	\$ 3,435,063	\$ 3,518,357
Licenses and Permits	61,047	51,084	48,186	51,691	60,474
Intergovernmental	852,376	838,722	876,470	920,809	937,817
Charges for Services	1,254,704	1,375,875	1,419,145	1,436,977	1,533,626
Fines	154,600	156,211	153,707	158,612	158,417
Special Assessments	103,782	104,149	105,998	106,514	123,383
Investment Earnings	255,254	134,830	104,365	65,978	72,411
Other	134,564	114,336	96,255	142,968	172,269
<b>Total Revenues</b>	<b>6,296,623</b>	<b>6,281,296</b>	<b>6,201,776</b>	<b>6,318,612</b>	<b>6,576,754</b>
<b>Expenditures</b>					
General Government	1,268,572	1,339,379	1,357,239	1,269,321	1,296,788
Protection of Persons and Property	2,573,006	2,599,294	2,551,225	2,477,648	2,532,262
Public Works	379,026	422,994	354,567	347,485	389,139
Health and Sanitation	398,152	467,392	449,083	459,785	453,681
Transportation	357,301	361,371	327,328	321,797	345,671
Cultural and Recreational Services	387,727	376,869	389,371	389,165	406,338
Community Development	435,768	402,152	383,256	463,920	465,984
Capital Outlay	934,999	641,363	491,187	362,867	523,931
Debt Service:					
Principal	391,585	495,258	366,663	367,206	410,333
Interest	206,675	188,552	181,495	189,902	182,171
Cost of Issuance	2,604	6,285	4,954	2,439	5,342
Advance Refunding Loan Escrow	41,311	--	--	--	--
<b>Total Expenditures</b>	<b>7,376,726</b>	<b>7,300,909</b>	<b>6,856,368</b>	<b>6,651,535</b>	<b>7,011,640</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(1,080,103)</b>	<b>(1,019,613)</b>	<b>(654,592)</b>	<b>(332,923)</b>	<b>(434,886)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	1,021,078	1,088,358	1,041,071	1,086,218	1,004,650
Transfers Out	(805,671)	(929,208)	(820,596)	(827,403)	(754,573)
Issuance of Long-term Debt	461,035	530,225	545,155	219,186	318,530
Loans from HUD	--	25,408	63,904	7,388	52,521
Discount on Issuance of Long-term Debt	--	(1,168)	(370)	--	--
Premium on Issuance of Long-term Debt	3,596	6,517	15,479	2,216	24,672
Issuance of Refunding Bonds	--	253,060	49,485	18,705	595,240
Premium on Issuance of Refunding Bonds	--	221	3,824	1,198	100,885
Payment to Refunded Bond Escrow Agent	--	(239,201)	(54,463)	--	(694,326)
Proceeds of Refunding Loan	24,110	--	--	1,983	--
Payment for Current Refunding of Loan	(24,110)	--	--	(1,983)	--
<b>Total Other Financing Sources (Uses)</b>	<b>680,038</b>	<b>734,212</b>	<b>843,489</b>	<b>507,508</b>	<b>647,599</b>
<b>Extraordinary Items</b>					
Loss on Loan Settlement	--	--	--	(47,007)	--
Transfer of Assets from CRA	--	--	--	--	--
<b>Total Extraordinary Items</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(47,007)</b>	<b>--</b>
<b>Net Change in Fund Balances</b>	<b>\$ (400,065)</b>	<b>\$ (285,401)</b>	<b>\$ 188,897</b>	<b>\$ 127,578</b>	<b>\$ 212,713</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>9.9%</b>	<b>10.3%</b>	<b>8.6%</b>	<b>9.0%</b>	<b>9.0%</b>

Continued...

**CITY OF LOS ANGELES**

**Changes in Fund Balances - Governmental Funds  
Modified Accrual Basis of Accounting - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Revenues</b>					
Taxes	\$ 3,687,676	\$ 3,861,140	\$ 4,016,005	\$ 4,163,430	\$ 4,392,121
Licenses and Permits	61,605	66,915	74,428	85,910	97,096
Intergovernmental	866,749	842,540	783,412	860,867	805,064
Charges for Services	1,577,623	1,652,732	1,734,882	1,535,948	1,556,722
Fines	172,437	176,503	164,137	159,254	153,014
Special Assessments	128,762	130,459	132,239	140,994	146,113
Investment Earnings	5,438	53,628	48,735	88,844	621
Other	188,800	192,483	194,408	160,957	164,547
<b>Total Revenues</b>	<b>6,689,090</b>	<b>6,976,400</b>	<b>7,148,246</b>	<b>7,196,204</b>	<b>7,315,298</b>
<b>Expenditures</b>					
General Government	1,261,771	1,288,088	1,354,114	1,339,233	1,379,386
Protection of Persons and Property	2,667,236	2,919,246	3,097,860	3,166,098	3,261,974
Public Works	400,017	379,260	399,365	361,380	414,443
Health and Sanitation	438,220	500,921	492,721	487,570	471,576
Transportation	400,047	405,721	390,155	378,821	434,815
Cultural and Recreational Services	431,062	460,274	496,172	512,474	490,530
Community Development	417,285	345,905	199,420	189,865	245,596
Capital Outlay	352,685	345,432	425,267	474,868	506,648
Debt Service:					
Principal	326,913	436,801	452,305	465,129	298,189
Interest	168,497	158,206	145,663	139,030	120,357
Cost of Issuance	1,777	1,312	2,107	6,225	2,818
Advance Refunding Loan Escrow	--	--	--	--	--
<b>Total Expenditures</b>	<b>6,865,510</b>	<b>7,241,166</b>	<b>7,455,149</b>	<b>7,520,693</b>	<b>7,626,332</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(176,420)</b>	<b>(264,766)</b>	<b>(306,903)</b>	<b>(324,489)</b>	<b>(311,034)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	951,062	1,092,258	1,100,486	1,117,660	992,041
Transfers Out	(704,528)	(839,258)	(839,900)	(850,678)	(726,614)
Issuance of Long-term Debt	116,665	149,479	209,058	117,369	172,298
Loans from HUD	29,003	8,578	2,102	2,500	1,827
Discount on Issuance of Long-term Debt	--	--	--	--	--
Premium on Issuance of Long-term Debt	5,096	--	4,629	150,216	--
Issuance of Refunding Bonds	78,780	--	76,670	1,102,920	143,815
Premium on Issuance of Refunding Bonds	9,096	--	17,682	--	--
Payment to Refunded Bond Escrow Agent	(94,781)	--	(155,196)	(1,084,399)	(142,256)
Proceeds of Refunding Loan	--	--	51,730	--	--
Payment for Current Refunding of Loan	--	--	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>390,393</b>	<b>411,057</b>	<b>467,261</b>	<b>555,588</b>	<b>441,111</b>
<b>Extraordinary Items</b>					
Loss on Loan Settlement	--	--	--	--	--
Transfer of Assets from CRA	205,265	44,155	4,855	--	--
<b>Total Extraordinary Items</b>	<b>205,265</b>	<b>44,155</b>	<b>4,855</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balances</b>	<b>\$ 419,238</b>	<b>\$ 190,446</b>	<b>\$ 165,213</b>	<b>\$ 231,099</b>	<b>\$ 130,077</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>7.5%</b>	<b>8.6%</b>	<b>8.5%</b>	<b>8.8%</b>	<b>5.8%</b>

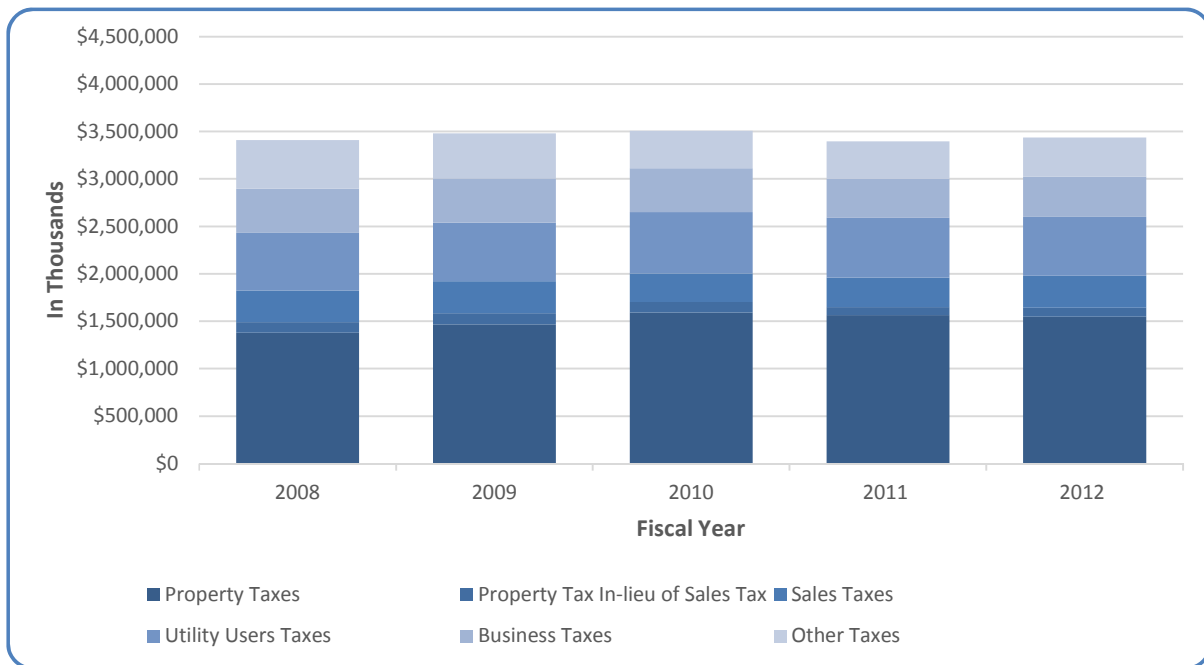
**CITY OF LOS ANGELES**

**Tax Revenues by Source - Governmental Funds  
Modified Accrual Basis of Accounting  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year				
	2008	2009	2010	2011	2012
Property Taxes	\$1,465,892	\$1,591,201	\$ 1,563,514	\$ 1,546,884	\$ 1,564,281
Property Tax In-lieu of Sales Tax	119,337	111,683	84,976	96,812	100,538
Sales Taxes	337,313	300,585	311,520	337,360	328,059
Utility Users' Taxes	617,199	646,256	628,484	618,307	634,629
Business Taxes	465,124	461,374	412,287	424,762	438,969
Other Taxes	475,431	394,990	396,869	410,938	451,881
<b>Total Revenues</b>	<b>\$3,480,296</b>	<b>\$3,506,089</b>	<b>\$ 3,397,650</b>	<b>\$ 3,435,063</b>	<b>\$ 3,518,357</b>

Continued...

**Tax Revenue by Source - Governmental Funds**

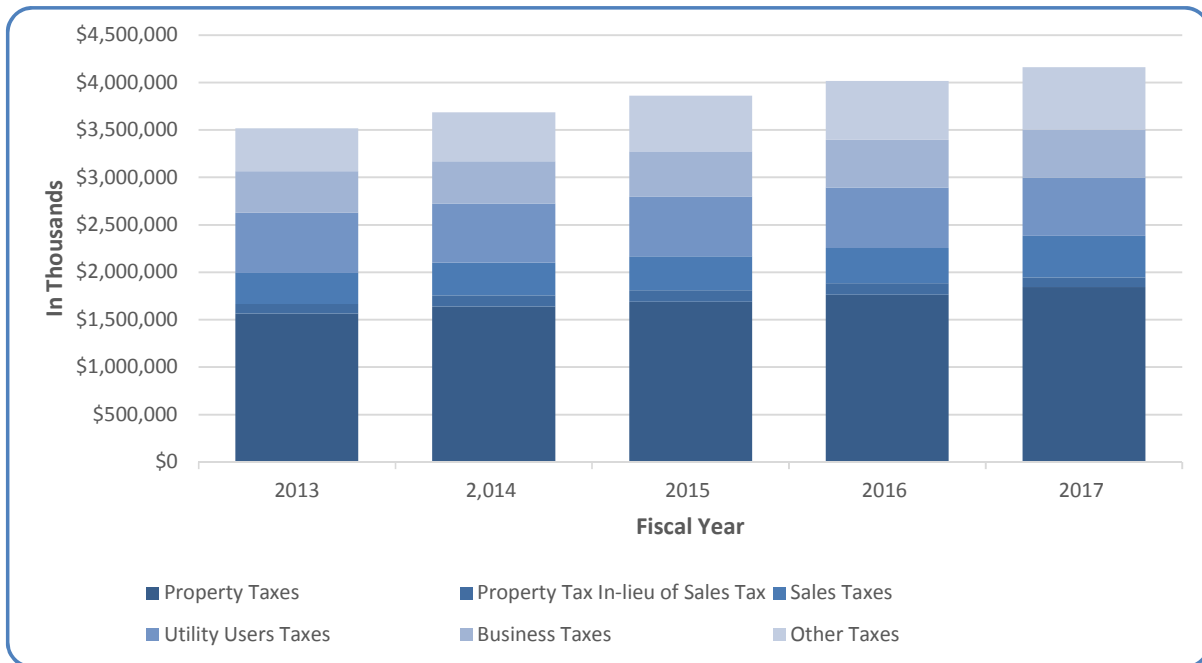


**CITY OF LOS ANGELES**

**Tax Revenues by Source - Governmental Funds  
Modified Accrual Basis of Accounting - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year					Percent of Change 2008-
	2013	2014	2015	2016	2017	2017
Property Taxes	\$1,639,355	\$1,688,992	\$ 1,761,960	\$ 1,844,440	\$ 1,992,582	36 %
Property Tax In-lieu of Sales Tax	116,458	121,036	121,903	100,348	--	(100)
Sales Taxes	343,628	357,255	372,782	437,775	521,910	55
Utility Users' Taxes	623,794	631,492	637,318	614,814	611,160	(1)
Business Taxes	447,983	476,908	500,774	507,635	546,494	17
Other Taxes	516,458	585,457	621,268	658,418	719,975	51
<b>Total Revenues</b>	<b>\$3,687,676</b>	<b>\$3,861,140</b>	<b>\$ 4,016,005</b>	<b>\$ 4,163,430</b>	<b>\$ 4,392,121</b>	<b>26</b>

**Tax Revenue by Source - Governmental Funds**



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## **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

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**CITY OF LOS ANGELES**

**Assessed and Estimated Actual Value of Property  
Last Ten Fiscal Years**

Fiscal Year	Assessed and Estimated Actual Value <sup>(1)</sup>			Percent of Average Annual Growth	Total Direct Tax Rate <sup>(3)</sup> (per \$1,000 of assessed value)	Assessed Value Per Capita (\$ 000's)
	Real Property <sup>(2)</sup> (\$ 000's)	Personal Property (\$ 000's)	Total (\$ 000's)			
2008	\$ 363,755,025	\$ 17,398,206	\$ 381,153,231	9.85 %	1.038051	\$ 101
2009	392,197,205	18,938,019	411,135,224	7.87	1.038541	109
2010	391,747,407	19,008,923	410,756,330	(0.09)	1.041220	108
2011	384,126,153	17,147,802	401,273,955	(2.31)	1.038895	105
2012	389,768,424	16,688,249	406,456,673	1.29	1.038666	105
2013	399,640,203	16,899,247	416,539,450	2.48	1.037694	107
2014	420,939,047	17,041,404	437,980,451	5.15	1.029754	111
2015	446,417,768	18,002,725	464,420,493	6.04	1.028096	117
2016	479,014,783	18,881,492	497,896,275	7.21	1.023030	124
2017	510,467,606	19,992,855	530,460,461	6.54	1.021297	131

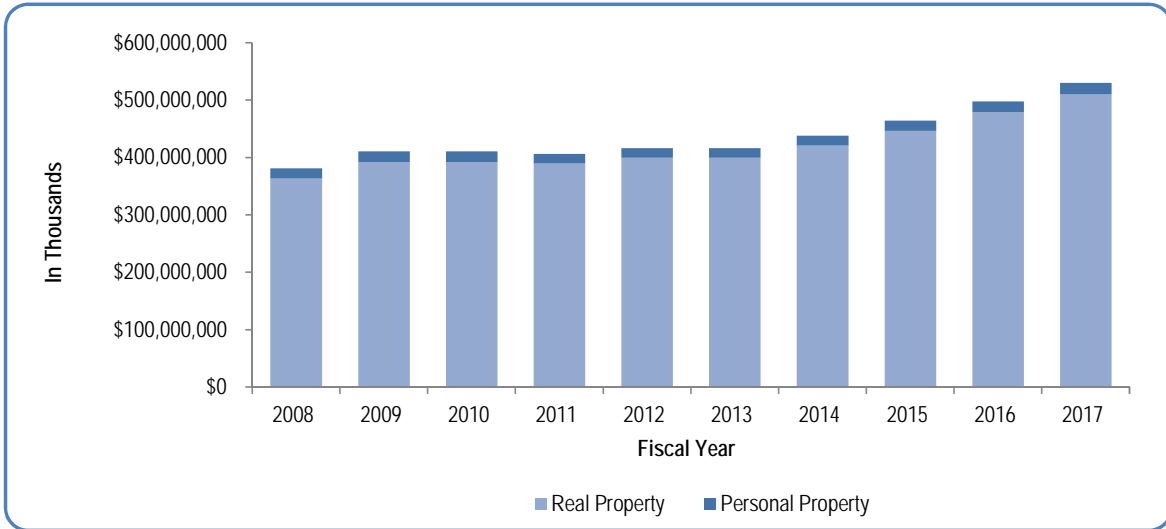
Source: Taxpayer's Guide - Auditor Controller, County of Los Angeles.

<sup>(1)</sup> Net of Homeowners' Exemption.

<sup>(2)</sup> Assessed at 100% of estimated actual value. Include State assessed unsecured property valuation.

<sup>(3)</sup> Total Direct Tax Rate for Tax Rate Area # 4 is used as it applies to most properties within the City of Los Angeles. Since each property is subject to taxation by a number of taxing entities, the County groups all properties subject to taxation by the same entities into Tax Rate Areas (TRAs). There are over 274 TRAs in the City.

**Total Assessed and Estimated Actual Value of Property**





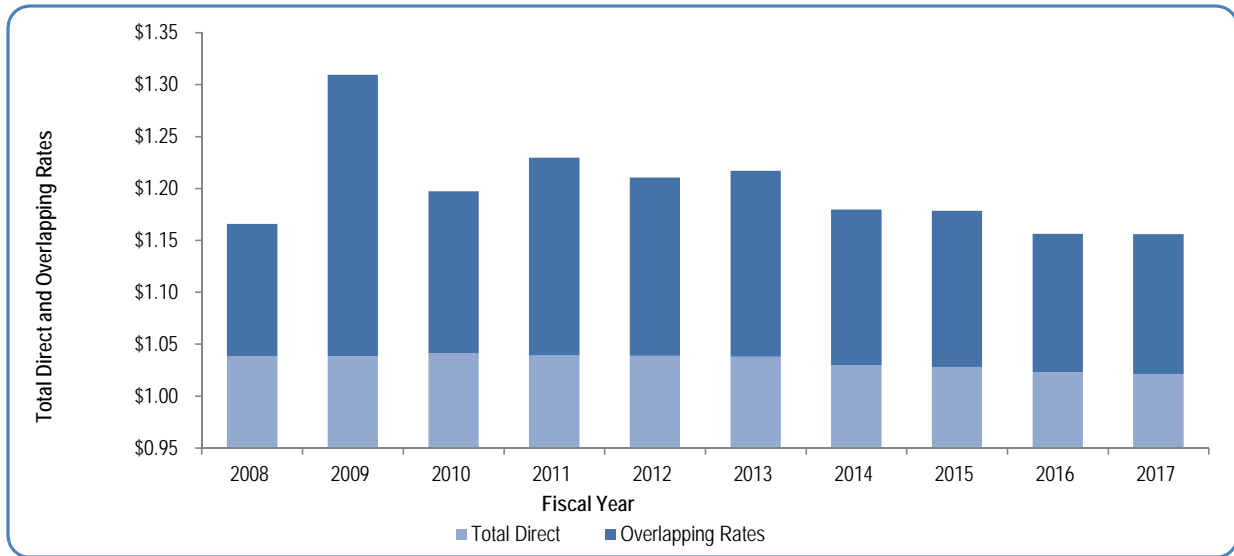
**CITY OF LOS ANGELES**  
**Direct and Overlapping Property Tax Rates**  
**Tax Rate Area No. 4<sup>(a)</sup>**  
**Last Ten Fiscal Years**

Fiscal Year	City Direct Rates			Overlapping Rates				Total Direct and Overlapping Rates
	Basic Rate	General Obligation Debt Service		Los Angeles County	L.A. Unified School District	L.A. Unified Flood Control District	Metropolitan Water District	
		Total Direct						
2008	1.000000	0.038051	1.038051	0.000000	0.123302	0.000000	0.004500	1.165853
2009	1.000000	0.038541	1.038541	0.141730	0.124724	0.000000	0.004300	1.309295
2010	1.000000	0.041220	1.041220	0.000000	0.151809	0.000000	0.004300	1.197329
2011	1.000000	0.038895	1.038895	0.000000	0.186954	0.000000	0.003700	1.229549
2012	1.000000	0.038666	1.038666	0.000000	0.168187	0.000000	0.003700	1.210553
2013	1.000000	0.037694	1.037694	0.000000	0.175606	0.000000	0.003500	1.216800
2014	1.000000	0.029754	1.029754	0.000000	0.146439	0.000000	0.003500	1.179693
2015	1.000000	0.028096	1.028096	0.000000	0.146881	0.000000	0.003500	1.178477
2016	1.000000	0.023030	1.023030	0.000000	0.129709	0.000000	0.003500	1.156239
2017	1.000000	0.021297	1.021297	0.000000	0.131096	0.000000	0.003500	1.155893

Source: Tax Rates, Los Angeles County Tax Collector.

<sup>(a)</sup> Tax Rate Area # 4 is used to illustrate the breakdown of a tax rate within the City and applies to most properties within the City of Los Angeles. Since each property is subject to taxation by a number of taxing entities, the County groups all properties subject to taxation by the same entities into Tax Rate Areas (TRAs). There are over 274 TRAs in the City.

**Total City Direct and Overlapping Property Tax Rates**



**CITY OF LOS ANGELES**  
**Ten Largest Property Taxpayers**  
**Secured Assessed Valuation**  
**Current and Nine Years Ago**

Taxpayer	2017			2008		
	Secured Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Secured Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Douglas Emmett LLC	\$ 2,762,607,488	1	0.54 %	\$ 1,026,824,207	1	0.28 %
Essex Portfolio LP	1,432,627,587	2	0.28			
FSP So. Flower St. Associates LLC	882,130,583	3	0.17			
Rochelle H. Sterling	828,892,242	4	0.16			
Valero Energy Corporation	768,273,898	5	0.15	936,573,002	3	0.26
Philips 66	766,142,466	6	0.15	835,149,193	4	0.23
Anheuser Busch Inc.	750,203,814	7	0.15	947,763,568	2	0.26
One Hundred Tower LLC	627,393,699	8	0.12	554,980,205	8	0.15
Century City Mall LLC	626,748,247	9	0.12			
Trizec 333 LA LLC	616,101,720	10	0.12	791,000,000	5	0.22
Equilon Enterprises LLC				728,092,398	6	0.20
Maguire Partners 355 S. Grand LLC				555,772,904	7	0.15
APM Terminals Pacific Ltd.				505,917,709	9	0.14
Hay, Dorothy Gdn				438,693,085	10	0.12
<b>Total</b>	<b>\$ 10,061,121,744</b>		<b>1.97 %</b>	<b>\$ 7,320,766,271</b>		<b>2.01 %</b>
<b>Total City Secured Assessed Valuation</b>	<b>\$ 510,395,035,559</b>			<b>\$ 363,705,598,011</b>		

Source: California Municipal Statistics Inc  
Taxpayers' Guides, 2016-2017 and 2007-2008

**CITY OF LOS ANGELES**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

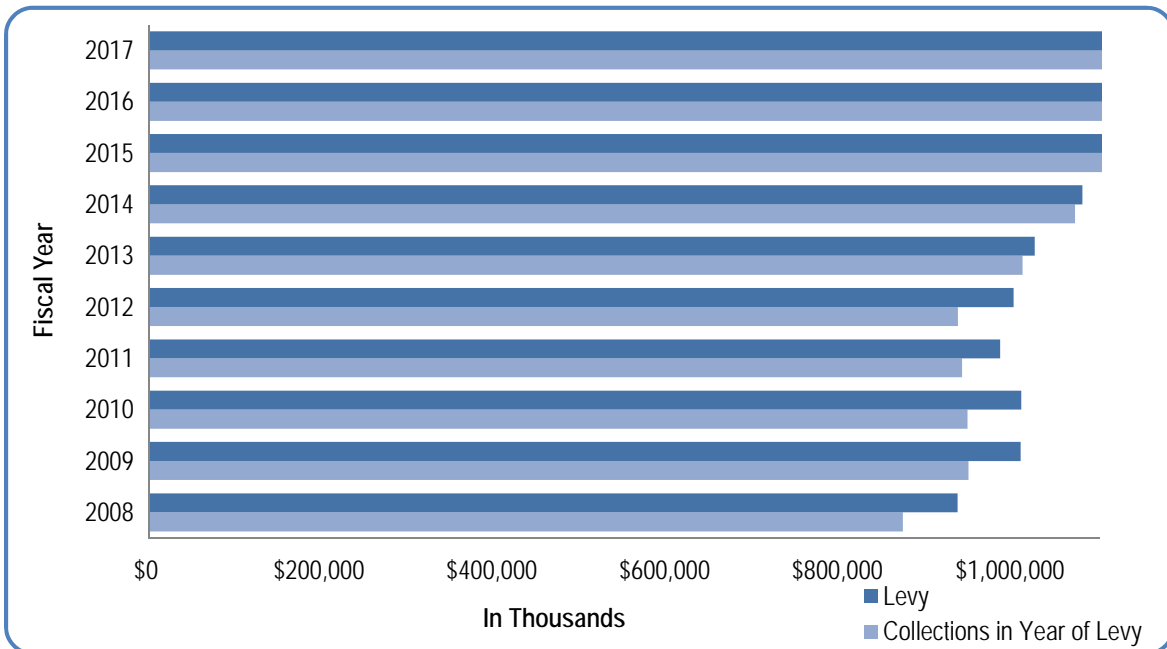
Fiscal Year	Total Tax Levy <sup>(a)</sup> for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years <sup>(b)</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy <sup>(c)</sup>
2008	935,881	872,254	93.20 %	64,845	937,099	100.13 %
2009	1,008,578	948,294	94.02	110,519	1,058,813	104.98
2010	1,009,256	947,165	93.85	86,089	1,033,254	102.38
2011	984,897	941,070	95.55	73,905	1,014,975	103.05
2012	1,000,689	936,265	93.56	30,763	967,028	96.64
2013	1,025,057	1,010,830	98.61	60,543	1,071,373	104.52
2014	1,080,159	1,071,795	99.23	12,558	1,084,353	100.39
2015	1,172,231	1,137,005	96.99	8,237	1,145,242	97.70
2016	1,249,297	1,209,196	96.79	7,034	1,216,230	97.35
2017	1,323,358	1,270,727	96.02	4,616	1,275,343	96.37

<sup>(a)</sup> One percent basic levy only, which is a General Fund revenue; excludes City levy for debt service.

<sup>(b)</sup> Includes collections on adjustments for undetermined prior fiscal year(s).

<sup>(c)</sup> Based on available information by fiscal year. Details of delinquent taxes by levy year, necessary to identify taxes remaining unpaid by taxpayers as applied to specific fiscal year, are not available.

**Property Tax Levies and Collections Within Fiscal Year of Levy**



**CITY OF LOS ANGELES**

**Energy Sold by Type of Customer  
Power Enterprise Fund  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Sales of Energy (in thousands of megawatt hours)</b>				<b>Direct Rate per Kilowatt Hour</b>	
	<b>Commercial and Industrial</b>			<b>Total</b>	<b>Residential</b>	<b>Commercial and Industrial</b>
	<b>Residential</b>	<b>Industrial</b>	<b>All Other</b>			
2008	7,664	16,482	2,206	26,352	\$ 0.11	\$ 0.10
2009	7,641	16,250	1,982	25,873	0.12	0.11
2010	7,434	15,485	3,396	26,315	0.14	0.13
2011	7,230	15,541	2,060	24,831	0.13	0.13
2012	7,316	15,456	1,843	24,615	0.13	0.13
2013	7,568	15,717	2,964	26,249	0.13	0.13
2014	7,819	15,778	2,593	26,190	0.13	0.14
2015	7,311	15,741	2,330	25,382	0.14	0.14
2016	7,482	15,938	1,880	25,300	0.15	0.15
2017	7,285	15,311	1,426	24,022	0.16	0.15

**CITY OF LOS ANGELES**

**Average Number of Customers for Energy Sales  
Power Enterprise Fund  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Average Number of Customers (in thousands)</b>			
	<b>Commercial and Industrial</b>			<b>Total</b>
	<b>Residential</b>	<b>Industrial</b>	<b>All Other</b>	
2008	1,252	192	2	1,446
2009	1,257	193	2	1,452
2010	1,252	193	2	1,447
2011	1,263	196	2	1,461
2012	1,274	195	2	1,471
2013	1,280	197	2	1,479
2014	1,368	127	8	1,503
2015	1,363	123	7	1,493
2016	1,371	123	5	1,499
2017	1,378	123	6	1,507

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## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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**CITY OF LOS ANGELES**

**Ratios of Outstanding Debt By Type  
Last Ten Fiscal Years**

(amounts expressed in thousands, except per capita)

Fiscal Year Ended June 30	Governmental Activities						
	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation and Lease Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Notes Payable	HUD Loan
2008	\$ 1,336,040	\$ 9,195	\$ 1,336,353	\$ 29,390	\$ 930,449	\$ 200,000	\$ 76,055
2009	1,331,103	26,219	1,503,277	27,685	894,574	107,735	98,035
2010	1,404,320	74,279	1,516,417	25,910	910,533	152,630	156,276
2011	1,288,707	66,891	1,521,095	24,095	851,323	206,173	157,781
2012	1,288,674	60,379	1,571,911	22,210	788,731	141,197	204,395
2013	1,165,924	53,079	1,456,723	20,240	793,466	184,197	198,600
2014	1,069,709	45,889	1,385,151	18,180	652,540	255,881	184,985
2015	952,278	38,476	1,393,867	--	578,193	240,506	144,075
2016	842,483	30,827	1,798,130	--	227,880	155,300	135,847
2017	756,414	22,933	1,693,317	--	192,264	274,000	105,659

Continued...



**CITY OF LOS ANGELES**  
**Ratios of Outstanding Debt By Type - (Continued)**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita)**

**Business-Type Activities**

<b>Fiscal Year Ended June 30</b>	<b>Revenue Bonds</b>	<b>Commercial Paper</b>	<b>Notes Payable</b>	<b>Loans Payable</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>(1)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
2008	\$ 9,930,796	\$ 810,328	\$ 3,271	\$ 266,441	\$ 50,715	\$ 14,979,033	3.52%	\$ 3,968
2009	11,563,845	446,989	2,826	255,723	49,518	16,307,529	3.96	4,312
2010	14,186,991	647,116	2,361	288,273	--	19,365,106	4.56	5,106
2011	16,762,101	415,012	1,874	274,869	--	21,569,921	4.74	5,649
2012	16,517,924	462,199	1,366	314,227	--	21,373,213	4.39	5,537
2013	18,252,193	368,086	--	327,037	--	22,819,545	4.72	5,849
2014	19,276,291	435,000	--	438,128	--	23,761,754	4.62	6,034
2015	21,017,668	200,000	--	544,743	--	25,109,806	4.57	6,321
2016	22,460,800	200,000	--	590,228	--	26,441,495	4.69	6,612
2017	23,569,506	200,000	--	632,124	--	27,446,217	N/A	6,791

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

<sup>(1)</sup> Personal income data can be found in the Statistical Section, Demographic and Economic Information.

<sup>(2)</sup> Population data updated based on current estimates. See Statistical Section, Demographic and Economic Information.

N/A - Data not available

**CITY OF LOS ANGELES**

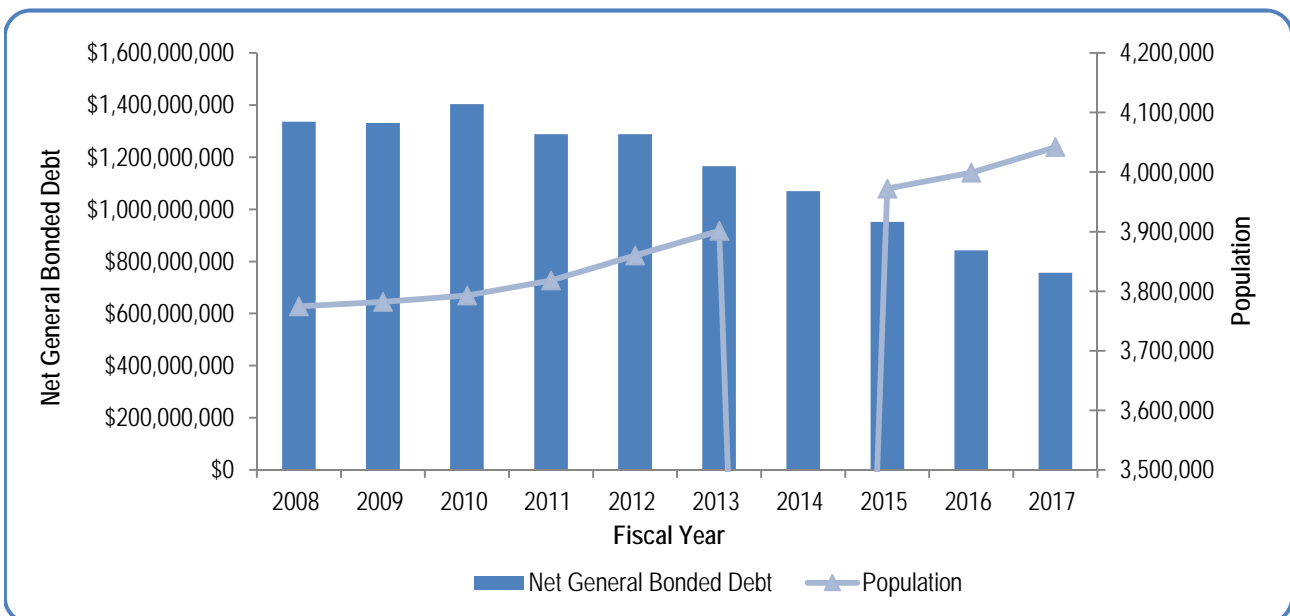
**Ratios of Net General Bonded Debt  
to Assessed Value and Per Capita  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Net General Bonded Debt</b>	<b>Assessed Value<sup>(1)</sup></b>	<b>Net General Bonded Debt Ratio to Assessed Value</b>	<b>Population<sup>(2)</sup></b>	<b>Net General Bonded Debt Per Capita<sup>(2)</sup></b>
2008	\$ 1,336,040,000	\$ 381,153,231,570	0.35 %	3,774,497	\$ 354
2009	1,331,103,000	411,135,224,351	0.32	3,781,951	352
2010	1,404,320,000	410,756,330,048	0.34	3,792,621	370
2011	1,288,707,000	401,273,954,269	0.32	3,818,120	338
2012	1,288,674,000	406,456,672,926	0.32	3,859,854	334
2013	1,165,924,000	416,539,450,297	0.28	3,901,412	299
2014	1,069,709,000	437,980,451,025	0.24	3,938,037	272
2015	952,278,000	464,420,493,438	0.21	3,972,348	240
2016	842,483,000	497,896,274,993	0.17	3,999,237	211
2017	756,414,000	530,460,460,734	0.14	4,041,707	187

<sup>(1)</sup> Net of homeowners exemptions.

<sup>(2)</sup> Population data updated based on current estimates.

**Net General Bonded Debt and Population**



**CITY OF LOS ANGELES**

**Direct and Overlapping Governmental Activities Debt  
June 30, 2017**

	<b>Debt Outstanding June 30, 2017</b>	<b>Estimated Percentage Applicable <sup>(1)</sup></b>	<b>Estimated Share of Overlapping Debt June 30, 2017</b>
<b>Overlapping debt repaid with property taxes</b>			
Los Angeles Flood Control District	\$ 10,060,000	40.418 %	\$ 4,066,051
Metropolitan Water District of Southern California	74,905,000	20.629	15,452,152
Los Angeles Community College District	3,847,880,000	71.335	2,744,885,198
Beverly Hills Unified School District	405,289,478	0.155	628,199
Inglewood Unified School District	109,160,000	1.054	1,150,546
Las Virgenes Joint Unified School District	132,851,686	0.899	1,194,337
Los Angeles Unified School District	10,005,485,000	87.888	8,793,620,657
Other School Districts	482,189,353	Various	414,412
City of Los Angeles Community Facilities District No. 3 (Estimate)	3,130,000	100.000	3,130,000
City of Los Angeles Community Facilities District No. 4	76,425,000	100.000	76,425,000
City of Los Angeles Community Facilities District No. 8	5,780,000	100.000	5,780,000
Mountains Recreation and Conservation Authority Assessment Districts	19,025,000	99.990-100.000	19,023,994
Los Angeles County Regional Park and Open Space Assessment District	38,895,000	39.632	15,414,866
<b>Other overlapping debt</b>			
Los Angeles County General Fund Obligations	1,959,096,065	39.632	776,428,952
Los Angeles County Superintendent of Schools Certificates of Participation	7,204,988	39.632	2,855,481
Los Angeles County Sanitation District Nos. 1, 4, 5, 8 and 16 Authorities	62,852,335	0.001-11.518	3,035,652
Inglewood Unified School District Certificates of Participation	1,470,000	1.054	15,494
Las Virgenes Joint Unified School District Certificates of Participation	10,575,000	0.899	95,069
Los Angeles Unified School District Certificates of Participation	239,440,000	87.888	210,439,027
Less: Los Angeles Unified School District QZAB Bonds (supported by periodic payments to investment accounts)			(8,597,938)
<b>Overlapping tax increment debt:</b>	--	100.000	--
<b>Subtotal- overlapping debt</b>			<u>12,665,457,149</u>
<b>City of Los Angeles direct debt</b>			
General Obligation Bonds			756,414,000
Judgment Obligation Bonds			22,933,000
Certificates of Participation and Lease Revenue Bonds			1,693,317,000
Revenue Bonds			192,264,000
Notes Payable			274,000,000
HUD Loans			105,659,000
<b>Subtotal - City of Los Angeles direct debt <sup>(2)</sup></b>			<u>3,044,587,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 15,710,044,149</u></u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(2) Includes all long-term debt instruments of the governmental activities, including bonds, notes, certificates of participation and loans.

Source: City of Los Angeles, Office of the City Administrative Officer , for overlapping debt.

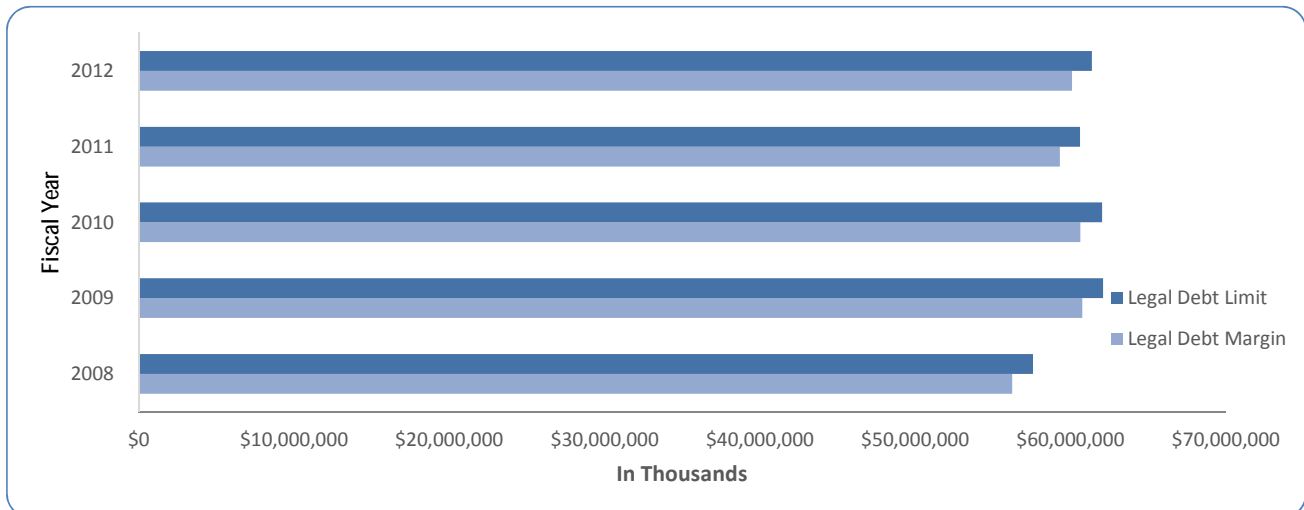
**CITY OF LOS ANGELES**

**Ratios of General Bonded Debt Outstanding and Legal Debt Margin  
Last Ten Fiscal Years  
(amounts expressed in thousands, except per capita)**

	Fiscal Year				
	2008	2009	2010	2011	2012
Assessed Valuation Net of Homeowners' Exemptions	\$ 381,153,232	\$ 411,135,224	\$ 410,756,330	\$ 401,273,954	\$ 406,456,673
Add: Homeowners' Exemptions	2,664,276	2,688,218	2,707,745	2,696,221	2,674,226
Gross Assessed Valuation	<u>\$ 383,817,508</u>	<u>\$ 413,823,442</u>	<u>\$ 413,464,075</u>	<u>\$ 403,970,175</u>	<u>\$ 409,130,899</u>
Legal Debt Limit <sup>(a)</sup> (15% of assessed value)	\$ 57,572,626	\$ 62,073,516	\$ 62,019,611	\$ 60,595,526	\$ 61,369,635
Less: General Obligation Bonds Outstanding	<u>1,336,040</u>	<u>1,331,103</u>	<u>1,404,320</u>	<u>1,288,707</u>	<u>1,288,674</u>
Legal Debt Margin	<u>\$ 56,236,586</u>	<u>\$ 60,742,413</u>	<u>\$ 60,615,291</u>	<u>\$ 59,306,819</u>	<u>\$ 60,080,961</u>
Legal Debt Margin as a Percentage of the Debt Limit	97.68%	97.86%	97.74%	97.87%	97.90%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.35%	0.32%	0.34%	0.32%	0.31%
Population <sup>(b)</sup>	3,774,497	3,781,951	3,792,621	3,818,120	3,859,854
General Obligation Bonds Outstanding Per Capita	\$354	\$352	\$370	\$339	\$334

Continued...

**Legal Debt Limit (15% of assessed value) and Legal Debt Margin**



**CITY OF LOS ANGELES**

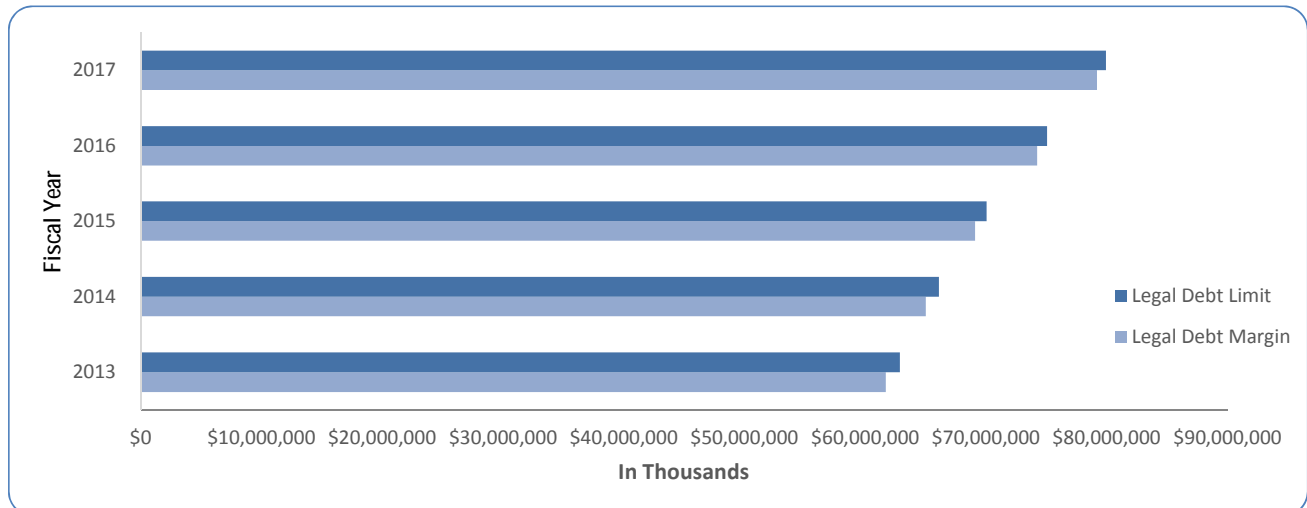
**Ratios of General Bonded Debt Outstanding and Legal Debt Margin - (Continued)**  
**Last Ten Fiscal Years**  
 (amounts expressed in thousands, except per capita)

	Fiscal Year				
	2013	2014	2015	2016	2017
Assessed Valuation Net of Homeowners' Exemptions	\$ 416,539,450	\$ 437,980,451	\$ 464,420,493	\$ 497,896,275	\$ 530,460,461
Add: Homeowners' Exemptions	2,629,357	2,588,592	2,545,253	2,502,726	2,454,778
Gross Assessed Valuation	<u>\$ 419,168,807</u>	<u>\$ 440,569,043</u>	<u>\$ 466,965,746</u>	<u>\$ 500,399,001</u>	<u>\$ 532,915,239</u>
Legal Debt Limit <sup>(a)</sup> (15% of assessed value)	\$ 62,875,321	\$ 66,085,357	\$ 70,044,862	\$ 75,059,850	\$ 79,937,286
Less: General Obligation Bonds Outstanding	<u>1,165,924</u>	<u>1,069,709</u>	<u>952,278</u>	<u>842,483</u>	<u>756,414</u>
Legal Debt Margin	<u>\$ 61,709,397</u>	<u>\$ 65,015,648</u>	<u>\$ 69,092,584</u>	<u>\$ 74,217,367</u>	<u>\$ 79,180,872</u>
Legal Debt Margin as a Percentage of the Debt Limit	98.15%	98.38%	98.64%	98.88%	99.05%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.28%	0.24%	0.20%	0.17%	0.14%
Population <sup>(b)</sup>	3,901,412	3,938,037	3,972,348	3,999,237	4,041,707
General Obligation Bonds Outstanding Per Capita	\$299	\$272	\$240	\$211	\$187

(a) Debt limit provided in Section 43605 of the State of California Government Code.

(b) Population data updated based on current estimates.

**Legal Debt Limit (15% of assessed value) and Legal Debt Margin**



**CITY OF LOS ANGELES**

**Pledged Revenue Coverage**

**Last Ten Fiscal Years**

**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Operating Revenues <sup>(1)</sup></b>	<b>Less: Operating Expenses <sup>(2)</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service <sup>(3)</sup></b>	<b>Net Available Revenue Coverage</b>	<b>Net Operating Cash Flow</b>	<b>Net Operating Cash Flow Coverage <sup>(4)</sup></b>
<u>Airports Enterprise Fund Revenue Bonds and Notes</u>							
2008	\$ 757,015	\$ 595,408	\$ 161,607	\$ 28,621	5.6	\$ 196,534	6.9
2009	771,364	590,960	180,404	38,730	4.7	40,076	1.0
2010	758,594	596,802	161,792	54,948	2.9	122,946	2.2
2011	887,762	601,964	285,798	126,331	2.3	215,572	1.7
2012	952,129	639,355	312,774	138,010	2.3	313,774	2.3
2013	981,586	648,974	332,612	136,523	2.4	247,540	1.8
2014	1,145,668	663,104	482,564	218,021	2.2	411,985	1.9
2015	1,219,715	697,708	522,007	263,454	2.0	424,474	1.6
2016	1,422,362	713,720	708,642	285,325	2.5	512,252	1.8
2017	1,460,713	725,190	735,523	325,681	2.3	614,930	1.9
<u>Harbor Enterprise Fund Revenue Bonds and Notes</u>							
2008	\$ 465,648	\$ 221,752	\$ 243,896	\$ 61,318	4.0	\$ 252,898	4.1
2009	424,028	254,143	169,885	61,298	2.8	151,264	2.5
2010	424,306	210,235	214,071	66,851	3.2	185,416	2.8
2011	412,962	209,695	203,267	72,927	2.8	158,228	2.2
2012	435,291	199,806	235,485	71,609	3.3	217,113	3.0
2013	416,974	205,169	211,805	72,398	2.9	234,234	3.2
2014	446,910	205,354	241,556	65,488	3.7	131,284	2.0
2015	460,364	234,249	226,115	70,103	3.2	213,184	3.0
2016	457,521	226,261	231,260	91,831	2.5	189,992	2.1
2017	487,806	227,675	260,131	87,570	3.0	274,581	3.1
<u>Power Enterprise Fund Revenue Bonds and Notes</u>							
2008	\$ 2,989,725	\$ 2,176,056	\$ 813,669	\$ 250,484	3.2	\$ 469,188	1.9
2009	2,924,155	2,043,192	880,963	270,357	3.3	427,647	1.6
2010	3,387,361	2,287,434	1,099,927	309,349	3.6	741,881	2.4
2011	3,288,478	2,308,188	980,290	400,846	2.4	666,711	1.7
2012	3,267,679	2,235,522	1,032,157	343,093	3.0	851,613	2.5
2013	3,342,586	2,266,249	1,076,337	426,825	2.5	761,079	1.8
2014	3,495,731	2,363,857	1,131,874	451,253	2.5	942,757	2.1
2015	3,542,227	2,445,059	1,097,168	457,933	2.4	1,161,619	2.5
2016	3,734,402	2,451,934	1,282,468	467,251	2.7	972,422	2.1
2017	3,853,514	2,564,978	1,288,536	538,814	2.4	957,064	1.8

Continued...

**CITY OF LOS ANGELES**  
**Pledged Revenue Coverage - (Continued)**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Operating Revenues <sup>(1)</sup></b>	<b>Less: Operating Expenses <sup>(2)</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service <sup>(3)</sup></b>	<b>Net Available Revenue Coverage</b>	<b>Net Operating Cash Flow</b>	<b>Net Operating Cash Flow Coverage <sup>(4)</sup></b>
<u>Water Enterprise Fund Revenue Bonds and Notes</u>							
2008	\$ 799,706	\$ 523,657	\$ 276,049	\$ 133,354	2.1	\$ 132,714	1.0
2009	825,168	581,587	243,581	116,026	2.1	189,718	1.6
2010	858,201	584,382	273,819	134,106	2.0	152,044	1.1
2011	831,771	540,041	291,730	167,371	1.7	290,206	1.7
2012	875,909	544,824	331,085	178,468	1.9	238,099	1.3
2013	1,091,710	672,462	419,248	192,885	2.2	347,264	1.8
2014	1,206,561	770,368	436,193	204,392	2.1	317,305	1.6
2015	1,151,356	733,283	418,073	216,787	1.9	324,403	1.5
2016	1,215,469	735,769	479,700	241,123	2.0	184,462	0.8
2017	1,192,420	700,610	491,810	278,912	1.8	242,212	0.9
<u>Sewer Enterprise Fund Revenue Bonds and Notes</u>							
2008	\$ 543,417	\$ 276,508	\$ 266,909	\$ 170,140	1.6	\$ 248,030	1.5
2009	543,318	287,135	256,183	151,996	1.7	237,586	1.6
2010	543,258	264,072	279,186	170,413	1.6	265,541	1.6
2011	510,214	256,664	253,550	174,804	1.5	214,662	1.2
2012	520,664	254,980	265,684	177,195	1.5	236,768	1.3
2013	576,552	279,587	296,965	206,965	1.4	284,783	1.4
2014	573,772	265,284	308,488	190,988	1.6	266,081	1.4
2015	596,450	289,498	306,952	188,456	1.6	321,017	1.7
2016	619,430	295,523	323,907	199,523	1.6	316,864	1.6
2017	634,376	303,483	330,893	199,572	1.7	343,761	1.7

- (1) For Airports, operating revenues include pledged pooled investment interest income. For Power and Water, operating revenues include capital contributions, net nonoperating revenues and allowance for funds used during construction. For Sewer, operating revenues include interest income from pooled investments other than interest income from construction funds.
- (2) For Airports, Harbor and Sewer, operating expenses do not include interest, depreciation and amortization expenses. For Power and Water, operating expenses do not include depreciation and amortization expense.
- (3) Debt service includes principal and interest payments on bonds; excludes capitalized interest for Airports.
- (4) Net operating cash flow coverage is presented to show the Funds' ability to generate sufficient cash flow to cover debt service costs.

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## **Demographic and Economic Information**

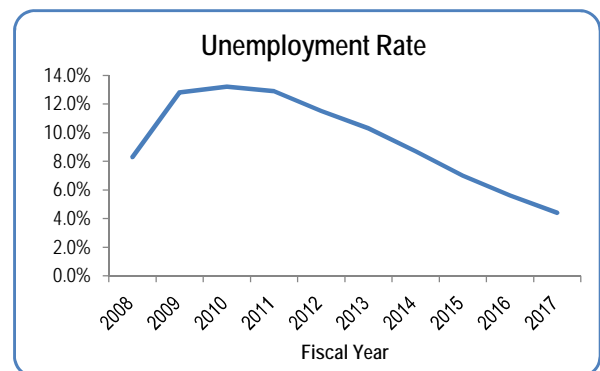
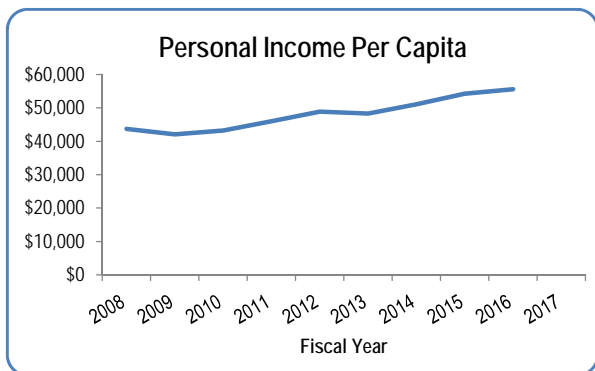
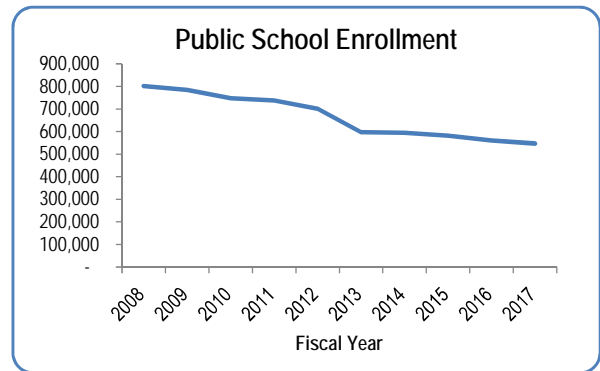
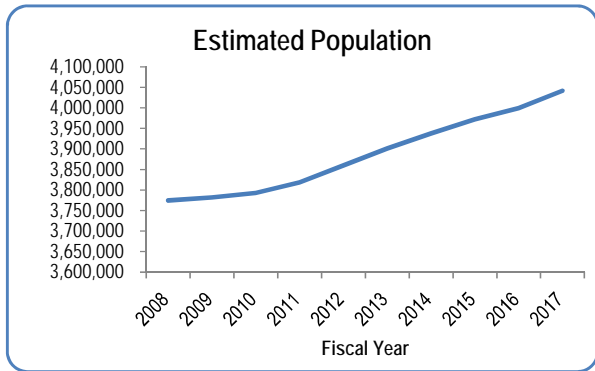
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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**CITY OF LOS ANGELES**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Estimated Population <sup>(1)</sup></b>	<b>Personal Income (in thousands)<sup>(2)</sup></b>	<b>Personal Income Per Capita<sup>(2)</sup></b>	<b>Median Age <sup>(3)</sup></b>	<b>Public School Enrollment <sup>(4)</sup></b>	<b>Unemployment Rate <sup>(5)</sup></b>
2008	3,774,497	\$ 425,573,170	\$ 43,715	33.3	801,838	8.3 %
2009	3,781,951	411,495,352	42,043	33.3	784,457	12.8
2010	3,792,621	424,813,015	43,236	33.7	748,273	13.2
2011	3,818,120	454,935,533	46,007	33.9	738,113	12.9
2012	3,859,854	486,733,508	48,900	34.1	701,208	11.5
2013	3,901,412	483,578,594	48,283	34.3	598,020	10.3
2014	3,938,037	514,516,564	51,111	34.6	594,891	8.7
2015	3,972,348	549,073,019	54,298	34.9	582,430	7.0
2016	3,999,237	563,907,868	55,624	35.0	560,991	5.6
2017	4,041,707	N/A	N/A	N/A	547,246	4.4

- (1) Data based on California Department of Finance report E-1, population estimates with 2010 Benchmark, released May 1, 2017.
  - (2) U.S. Department of Commerce, Bureau of Economic Analysis - revised estimates of personal income for Los Angeles County updated on November 17, 2016 with revised estimates for 2007 to 2015.  
 The U.S. Census Bureau defines personal income as the income received by all persons from all sources, and is the sum of "net earnings", rental income, dividend income, interest income, and transfer receipts. "Net earnings" is defined as wage and salary, supplements to wages and salaries, and proprietors' income, less contributions for government social insurance, before deduction of personal income and other taxes.  
 Separate information for the City of Los Angeles is not available.
  - (3) US Census Bureau American Community Survey for the City. Source: <http://factfinder.census.gov>
  - (4) Enrollment data determined at the beginning of each school year (October). Data include the City and all or significant portions of a number of smaller cities and unincorporated territories.
  - (5) Data based on California Employment Development Department for City of Los Angeles, not seasonally adjusted.
- N/A Not Available



**CITY OF LOS ANGELES**  
**Los Angeles County**  
**Principal Employers (Non-Government)**  
**Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kaiser Permanente	36,468	1	0.8 %	36,500	1	0.8 %
University of Southern California	20,163	2	0.4	12,498	7	0.3
Northrop Grumman Corp.	16,600	3	0.3	20,500	2	0.5
Providence Health & Services Southern California	15,255	4	0.3	--	--	--
Target Corp.	15,000	5	0.3	12,600	6	0.3
Ralphs/Food 4 Less (Kroger Co. Division)	14,970	6	0.3	14,000	5	0.3
Albertsons/Vons/Pavillions	13,000	7	0.3	10,981	8	0.2
Walt Disney Co.	13,000	7	0.3	--	--	--
Bank of America Corp.	12,500	8	0.3	17,442	3	0.4
Cedars-Sinai Medical Center	12,242	9	0.2	9,878	10	0.2
NBC Universal	12,000	10	0.2	--	--	--
Home Depot	--	--	--	10,450	9	0.2
Boeing Co.	--	--	--	15,250	4	0.3
All Others	4,710,102	--	96.3	4,395,701	--	96.5
Total <sup>(1)</sup>	<u>4,891,300</u>		<u>100.0 %</u>	<u>4,555,800</u>		<u>100.0 %</u>

Sources: Los Angeles Business Journal (LABJ) dated August 2017.

<sup>(1)</sup> Total County employment per California EDD labor force report (<http://www.labormarketinfo.edd.ca.gov>)

This report was completed based on information from various sources and is intended for use as a general guide only. The City does not warrant accuracy of this data. Inquiries should be directed to the individual employer.

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## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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**CITY OF LOS ANGELES**

**Number of City Government Employees by Function/Program  
Full-Time Equivalent  
Last Ten Fiscal Years**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Governmental Activities</b>	<b>32,100</b>	<b>31,306</b>	<b>30,606</b>	<b>30,316</b>	<b>31,344</b>
General Government					
City Administrative Officer	113	109	108	109	103
City Attorney	935	891	882	834	813
City Ethics Commission	24	22	23	20	18
Controller	142	135	146	143	146
Council	345	339	353	333	364
Employee Relations Board	3	3	3	3	3
General Services	1,342	1,356	1,321	1,309	1,430
Information Technology Agency	391	440	431	452	463
Mayor	185	170	161	146	173
Personnel	499	484	480	460	460
Neighborhood Empowerment	26	26	19	22	23
City Clerk	108	88	95	96	97
Commission on the Status of Women <sup>(1)</sup>	--	--	--	--	--
Human Relations Commission <sup>(1)</sup>	--	--	--	--	--
Office of Finance <sup>(2)</sup>	329	317	311	326	336
Treasurer <sup>(2)</sup>	--	--	--	--	--
Protection of Persons and Property					
Animal Services	317	317	309	312	318
Building & Safety	935	849	808	744	760
Fire-Civilian	350	309	293	293	297
Fire-Sworn	3,311	3,265	3,140	3,181	3,206
Police- Civilian	2,920	2,754	2,723	2,810	2,888
Police- Sworn	9,948	9,866	9,856	9,739	9,875
Emergency Management <sup>(3)</sup>	23	25	23	21	31
Public Works					
Public Works- Contract Administration	298	284	270	278	294
Public Works- Engineering	768	756	733	710	701
Public Works- Street Lighting	235	226	205	194	209
Public Works- Street Services	974	865	838	869	931
Public Works- Board of Public Works	96	95	85	81	81
Health and Sanitation					
Public Works- Sanitation	2,601	2,564	2,425	2,318	2,317
Environmental Affairs <sup>(4)</sup>	--	--	--	--	--
Transportation					
Transportation	1,324	1,340	1,276	1,268	1,287
Cultural and Recreational Services					
Cultural Affairs	58	46	36	34	34
El Pueblo de los Angeles Historical Monument	9	9	9	9	10
Library	774	748	707	653	999
Recreation and Parks	1,376	1,332	1,320	1,316	1,388
Zoo	204	202	195	198	213
Community Development					
Aging	36	38	32	34	34
Economic and Workforce Development <sup>(5)</sup>	135	136	140	151	255
Disability	20	17	15	17	15
Housing and Community Investment <sup>(6)</sup>	598	591	567	598	511
City Planning	348	292	268	235	261
Commission for Children, Youth and Their Families <sup>(1)</sup>	--	--	--	--	--

**CITY OF LOS ANGELES**

**Number of City Government Employees by Function/Program  
Full-Time Equivalent  
Last Ten Fiscal Years**

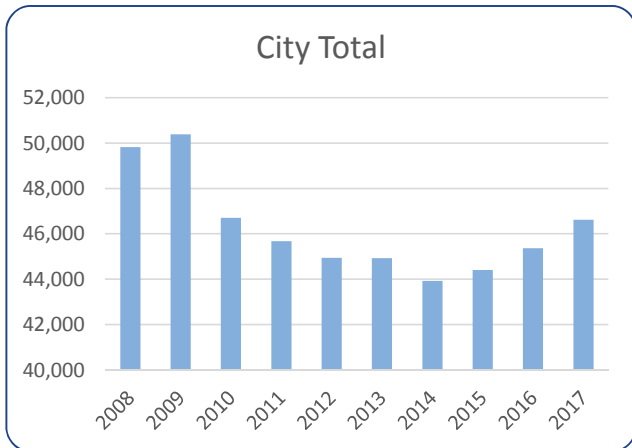
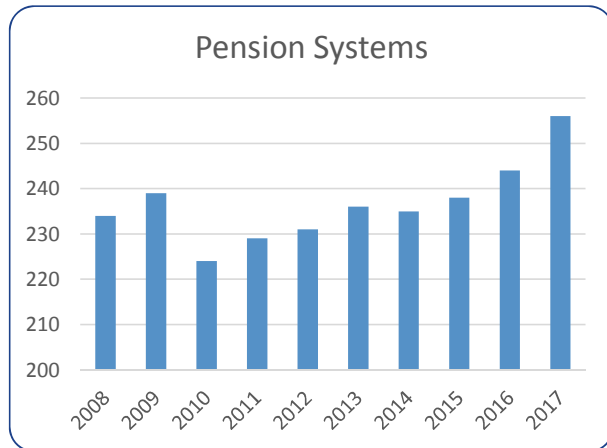
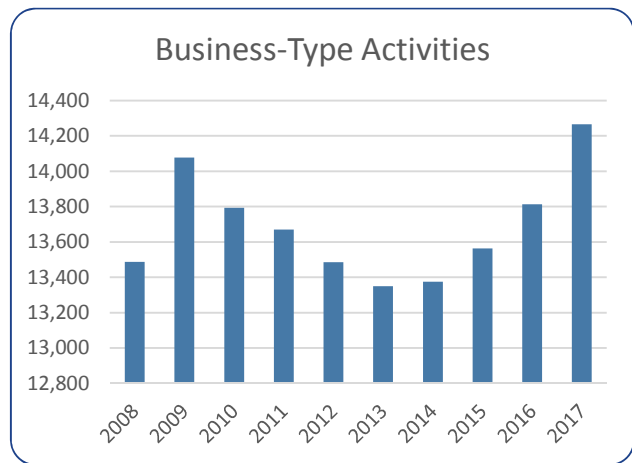
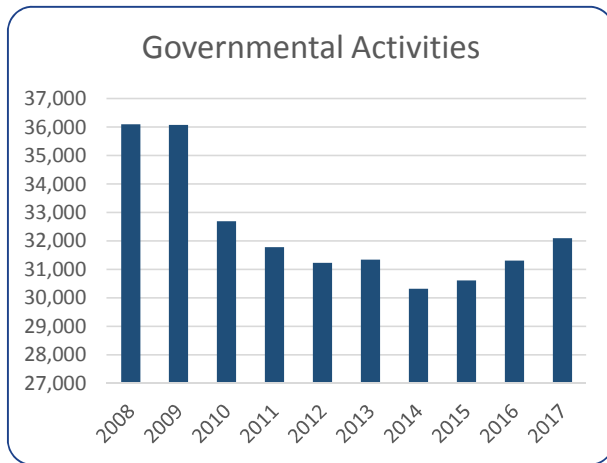
	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Governmental Activities</b>	<b>31,225</b>	<b>31,778</b>	<b>32,689</b>	<b>36,074</b>	<b>36,100</b>
General Government					
City Administrative Officer	102	103	107	128	128
City Attorney	825	870	885	986	978
City Ethics Commission	17	18	22	26	26
Controller	152	157	156	184	185
Council	334	321	338	350	355
Employee Relations Board	3	3	3	4	3
General Services	1,630	1,707	1,881	2,273	2,302
Information Technology Agency	488	522	582	714	728
Mayor	175	171	195	189	163
Personnel	380	371	384	477	495
Neighborhood Empowerment	18	18	19	42	42
City Clerk	98	96	99	140	146
Commission on the Status of Women <sup>(1)</sup>	--	--	--	2	9
Human Relations Commission <sup>(1)</sup>	--	--	--	10	15
Office of Finance <sup>(2)</sup>	345	326	324	372	353
Treasurer <sup>(2)</sup>	--	30	34	39	38
Protection of Persons and Property					
Animal Services	311	319	343	366	379
Building & Safety	723	719	782	958	992
Fire-Civilian	298	296	298	362	366
Fire-Sworn	3,317	3,459	3,562	3,708	3,730
Police- Civilian	2,783	2,824	2,877	3,256	3,278
Police- Sworn	9,875	9,810	9,878	9,973	9,704
Emergency Management <sup>(3)</sup>	22	24	21	27	23
Public Works					
Public Works- Contract Administration	287	293	306	358	371
Public Works- Engineering	718	737	738	932	971
Public Works- Street Lighting	192	200	198	215	210
Public Works- Street Services	982	1,011	1,073	1,327	1,350
Public Works- Board of Public Works	92	93	94	131	155
Health and Sanitation					
Public Works- Sanitation	2,333	2,430	2,427	2,701	2,684
Environmental Affairs <sup>(4)</sup>	--	--	19	28	31
Transportation					
Transportation	1,307	1,355	1,414	1,597	1,572
Cultural and Recreational Services					
Cultural Affairs	34	39	45	57	67
El Pueblo de los Angeles Historical Monument	10	11	15	18	19
Library	655	664	699	833	828
Recreation and Parks	1,429	1,478	1,587	1,904	1,980
Zoo	205	201	186	211	220
Community Development					
Aging	41	41	42	45	49
Economic and Workforce Development <sup>(5)</sup>	268	266	270	236	254
Disability	11	14	16	19	20
Housing and Community Investment <sup>(6)</sup>	531	544	528	526	528
City Planning	234	237	242	297	300
Commission for Children, Youth and Their Families <sup>(1)</sup>	--	--	--	53	53

**CITY OF LOS ANGELES**

**Number of City Government Employees by Function/Program  
Full-Time Equivalent  
Last Ten Fiscal Years**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Business-Type Activities</b>	<b>14,266</b>	<b>13,813</b>	<b>13,564</b>	<b>13,375</b>	<b>13,350</b>
Los Angeles Convention Center	11	12	12	11	92
Water and Power	9,794	9,456	9,228	8,924	8,776
Airports <sup>(7)</sup>	3,578	3,439	3,439	3,491	3,535
Harbor <sup>(7)</sup>	883	906	885	949	947
<b>Pension Systems</b>	<b>256</b>	<b>244</b>	<b>238</b>	<b>235</b>	<b>236</b>
City Employees Retirement System	140	131	128	125	127
Fire and Police Pension System	116	113	110	110	109
<b>Grand Total</b>	<b>46,622</b>	<b>45,363</b>	<b>44,408</b>	<b>43,926</b>	<b>44,930</b>

**Full-Time Equivalent Employees  
Last Ten Fiscal Years**





**CITY OF LOS ANGELES**

**Number of City Government Employees by Function/Program  
Full-Time Equivalent  
Last Ten Fiscal Years**

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Business-Type Activities</b>	<b>13,486</b>	<b>13,671</b>	<b>13,794</b>	<b>14,078</b>	<b>13,487</b>
Los Angeles Convention Center	109	112	111	150	156
Water and Power	8,867	9,065	9,200	9,210	8,592
Airports <sup>(7)</sup>	3,552	3,535	3,535	3,747	3,804
Harbor <sup>(7)</sup>	958	959	948	971	935
<b>Pension Systems</b>	<b>231</b>	<b>229</b>	<b>224</b>	<b>239</b>	<b>234</b>
City Employees Retirement System	124	124	126	134	131
Fire and Police Pension System	107	105	98	105	103
<b>Grand Total</b>	<b>44,942</b>	<b>45,678</b>	<b>46,707</b>	<b>50,391</b>	<b>49,821</b>

<sup>(1)</sup> In fiscal year 2010, Commission on the Status of Women, Commission for Children, Youth and Families, and Human Relations Commission were consolidated.

<sup>(2)</sup> The Treasurer and Finance were consolidated in fiscal year 2012.

<sup>(3)</sup> In November 2007, the name of the Emergency Preparedness Department was changed to Emergency Management Department.

<sup>(4)</sup> In fiscal year 2011, Environmental Affairs Department was eliminated. Its resources and functions were transferred to the Department of Public Works Bureau of Sanitation, Building and Safety, and Transportation.

<sup>(5)</sup> Department name changed from Community Development in fiscal year 2014.

<sup>(6)</sup> Department name changed from Housing in fiscal year 2014.

<sup>(7)</sup> Certain changes were made to conform to the fiscal year 2013 presentation.

Sources:

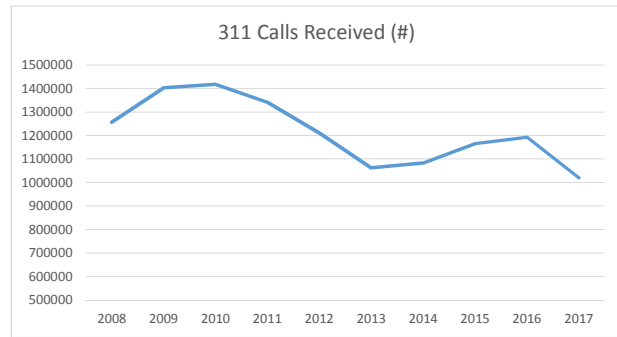
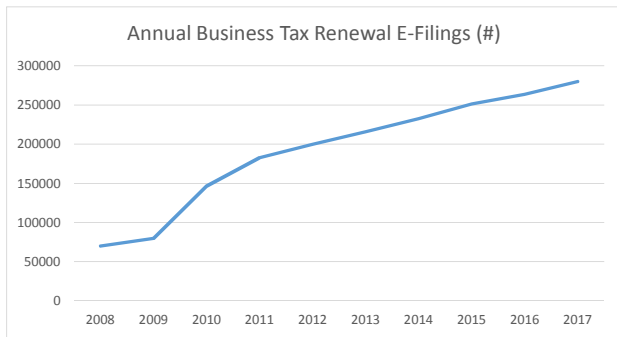
Prior to fiscal year 2006: City of Los Angeles Detail of Department Programs and data from the Fire, Airports, Harbor, Water and Power, Fire and Police Pension, and City Employees Retirement System.

Fiscal year 2006 through 2010: Data restated to conform with Office of the Controller Full-Time Active Employee Count as of the last pay period of the fiscal year, except those of Harbor and Water and Power.

CITY OF LOS ANGELES

Operating Indicators by Function/Program  
Last Ten Fiscal Years

General Government

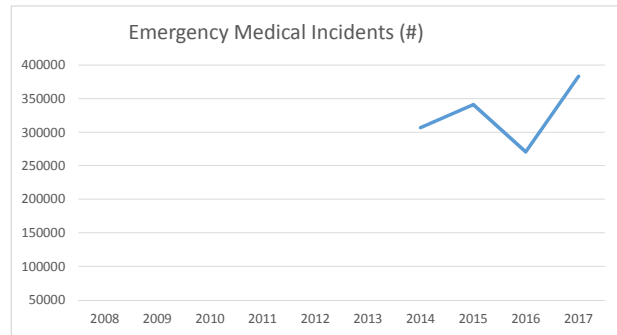
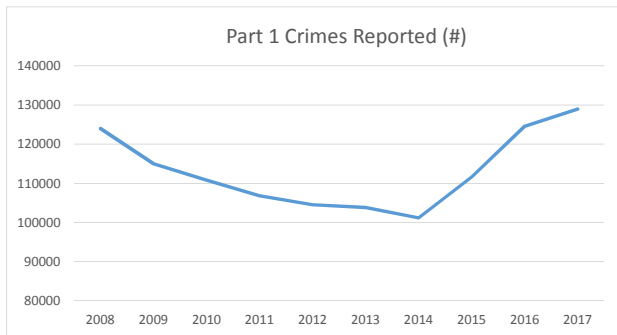


Department/Program	Indicator	Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City Attorney											
Criminal Prosecution											
Combined criminal jury and court trials (#)		321	352	362	308	342	315	477	632	845	769
Consumer protection-cases reviewed (#)		200	230	100	150	160	159	160	170	300	265
Consumer cases concluded (#)		120	146								
Environmental cases concluded (#)		452	383	412	409	329	488	312	350	600	542
Housing/rent control cases concluded (#)		764	1,007	842	608	603	435	402	395	250	300
General Services											
Building Maintenance											
Maintenance work orders completed (%)		73	71	71	71						
Energy conservation audits completed (#)		20	20	8	12						
Custodial Services											
Municipal facilities cleaned per day (% of square feet)		100	90	90	85						
Fleet Services											
Vehicles available for Bureau of Sanitation operations (%)		89	84	83	83	85					
Vehicles available for Bureau of Street Services operations (%)		84	82	85	79	78					
Vehicles available for Dept of Transportation operations (%)		92	93	92	90	91					
Real Estate Services											
City-as-tenant leases remaining		75	77	88	100						
Supply Services											
Days to process orders under \$100,000		27	35								
Information Technology Agency											
3-1-1 Call Center Operations											
Average wait time per caller (# of seconds) (5)		370	142	61	70	224	170	180	140	40	53
Number of calls received (#) (5)		1,020,210	1,193,757	1,166,105	1,083,097	1,062,894	1,211,000	1,341,000	1,417,801	1,402,658	1,257,629
Total Contacts		1,447,138	1,481,185	1,338,830	1,192,706	1,190,105					
Neighborhood Empowerment											
Community Impact Statements submitted by NC's (#)		320	258	343	152		114				
Office of Finance											
Revenue Billings, Audit and Collections											
Annual Business Tax renewal e-filings (#)		280,159	263,870	251,449	232,667	216,140	200,000	182,801	146,713	80,000	70,000
Refund claims processed (#)		5,722	7,417	6,188	8,411	10,667	10,010	16,969	15,591	27,934	26,125
Total tax accounts audited (#)		2,666	3,465	4,472	4,819	4,839	5,146	5,567	6,297	7,771	6,677
Personnel											
Employee Selection											
Exams completed in 150 days (#)		65	71	69	73						
Employee Training and Development											
Non-mandated courses completed in the Online Training Academy		20,321	7,996	5,624	4,119	951					

CITY OF LOS ANGELES

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Protection of Persons and Property

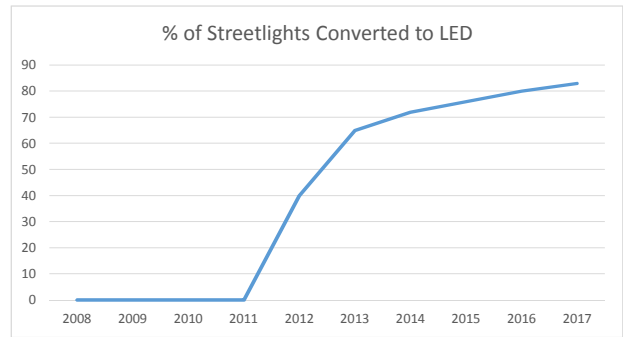
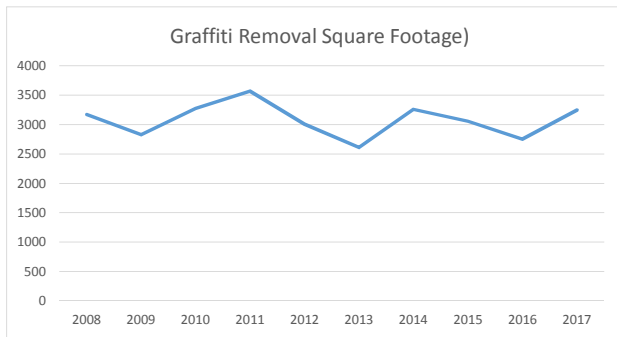


Department/Program	Indicator	Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Animal Services</b>											
Animal Licensing and Permitting Operations											
	Dog licenses issued (#)	130,242	131,959	120,975	123,008	126,234	123,060	121,817	116,500	121,138	114,531
Animal Shelter Operations Program											
	Animals adopted (#)	32,920	31,100	32,826	32,910	32,440	30,414	29,525	26,952	28,154	23,608
	Animals euthanized (#)	8,425	10,931	14,083	15,028	17,063	23,955	24,632	25,298	24,742	19,942
	Animals impounded (#)	52,460	51,676	57,225	56,813	61,632	64,952	64,417	64,333	65,445	57,804
<b>Building and Safety</b>											
Conservation of Existing Structures and Mechanical Devices											
	Complaints responded to within 10 days (%)	69	59	47	52	51	54	56	63		
Engineering Plan Checking											
	Building Permits issued (#)	164,890	156,942	141,445	133,575	126,426	121,140	115,699	115,225	110,992	127,700
	Plan reviews completed within 15 days (%)	75	82	78	88	91	89	86	87		
New Construction Inspection											
	Response to inspection requests within 24 hours (%)	91	90	94	94	98	98	98	100	99	100
<b>Fire</b>											
Emergency Medical Services											
	EMS Incidents (#)	382,968	270,503	341,370	306,759						
	Units dispatched to emergency medical incidents (#)	722,087	712,035	681,965	644,446						
	Average time to leave station after notified - EMS (min.sec)	0.95	1.04	1.17	1.23	1.25					
	Average travel time to incident - EMS (min.sec)	4.47	4.28	4.07	4.08	4.02					
Fire :											
	Actual Fires - Non structure fires (#)	13,971	13,137	12,917	12,069	10,836	10,991	10,686	11,640	12,173	7,400
	Actual Fires - Structure fires (#)	4,449	4,430	4,562	4,698	4,624	4,871	4,172	3,734	4,026	3,800
	Closure rate in criminal fires investigation (%)		82	50	40	39	40	70	69	71	65
	Emergency responses - Fires (includes automatic alarms) (#)	140,933	132,546	127,380	133,080	121,381	122,492	118,986	114,121	138,200	137,687
	Emergency responses - Hazardous conditions (#)	4,101	5,238	4,190	4,949	4,734	4,852	5,209	4,636	5,700	5,730
	Emergency responses - Rescues and others (#)	35,366	44,604	34,331	40,268	40,822	39,324	37,834	38,247	35,500	30,211
	Average time to leave station after notified - Fire (min.sec)	0.93	1.00	1.15	1.22	1.20					
	Average travel time to incident - Fire (min.sec)	4.43	4.26	4.07	4.18	4.10					
Communications											
	Call Processing Time (min.sec)	1.03	1.02	1.00	1.25	1.28					
<b>Police</b>											
Patrol											
	Part I crimes reported (#)	128,997	124,623	111,690	101,228	103,856	104,604	106,827	110,827	115,000	124,000
	Part II crimes reported (#)	94,272	98,535	95,257	90,525	84,174	85,938	74,251	77,325	84,000	95,000
	Response time to emergency calls (# in minutes)	6.15	6.10	5.60	6.50	6.00	6.00	6.00	7.00	7.00	
	Total arrests (#)	99,241	126,434	125,567	130,262	150,552	162,698	160,480	151,174	168,000	167,000
Specialized Crime Suppression and Investigation											
	Completed fingerprint cases (#)	4,241	4,105	3,923	3,397	5,070	4,342	5,492	9,669	6,778	3,811
	Completed sexual assault kits (#)	1,275	1,158	1,105	1,030	1,188		1,097	1,332	2,740	7,240
Technical Support											
	Complaint board calls received - 911 (#)	3,147,224	3,196,225	3,220,084	2,284,913	2,276,363	2,269,872	2,140,387	3,557,626	2,520,000	2,303,000
Traffic Control											
	Fatal and injury traffic accidents (#)	25,217	24,488	22,661	21,104	20,996	21,216	18,448	20,408	26,000	25,000
	Traffic citations issued (#)	219,911	234,311	336,683	447,062	428,178	504,312	564,432	594,193	553,000	527,000

CITY OF LOS ANGELES

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Public Works

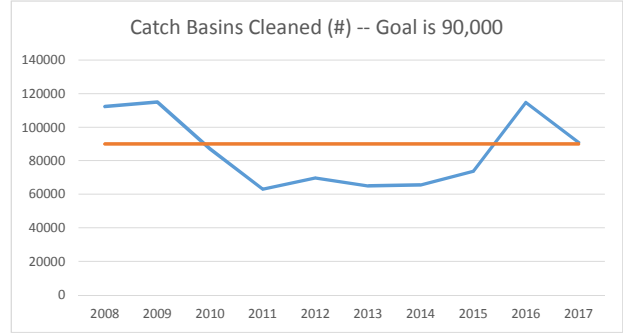
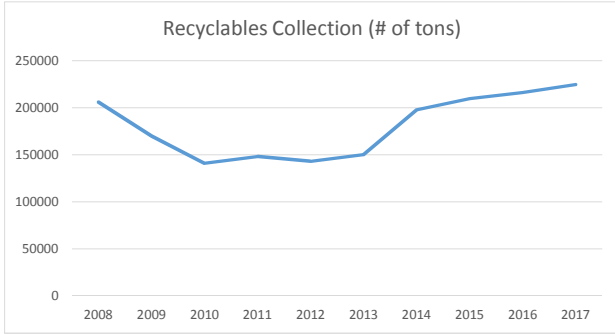


Department/Program	Indicator	Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Board of Public Works											
Office of Community Beautification											
	Graffiti eradicated/square footage (# in 1,000 sq ft)	3,253	2,754	3,062	3,264	2,612	3,009	3,570	3,277	2,829	3,175
	Graffiti removal requests completed in 24 hrs (%)	77	55	48	66	58	63	63	66		
Bureau of Contract Administration											
Construction Inspection											
	Number of private development inspections (#)	175	150	224	147	157	169	144			
Contract Compliance											
	Prevailing Wage Restitution Completed (\$ millions)	1.10	0.53	1.21	1.54	0.93	0.91	1.03	1.46	0.76	
Bureau of Engineering											
	Capital Projects Completed (#)	106	144	147	124	116	92	118	124		
Bureau of Street Lighting											
Design and Construction											
	Streetlights converted to LED (% of total)	83	80	76	72	65	40				
System Operation, Maintenance and Repair											
	Percent of streetlights operating (%)	99.33	99.37	99.30	99.00	99.00	99.10				
Street Services											
Maintaining Streets											
	Small asphalt repairs (# of square feet)	1,513,764	1,121,767	1,050,411	1,402,144	1,416,500	1,206,612	1,190,244	1,448,820		
	Response time to pothole service requests (days)	1.3									
Street Cleaning Program											
	Completion frequency-posted routes (%)	99	91	93	96	97	97	93	95	97	97
Street Improvement Program											
	Access ramps constructed (#)	526	742	1,035	1,256	1,560	1,724	1,829	1,556	1,044	1,094
	Bus pads constructed (#)	49	58	101	76	97	144	144	36	76	40
	Concrete bus landings installed (#)	50	65	170	107	30	11	29	15		
	Sidewalks repaired (# of square feet)	309,343	118,732							59	59
Street Resurfacing and Reconstruction Program											
	Streets resurfaced (# of lane miles)	848	855	855							
	Streets slurry sealed (# of lane miles)	1,560	1,555	1,545							
	Streets resurfaced (# of centerline miles)				245	245	236	174	149	200	179
	Streets slurry sealed (# of centerline miles)				455	455	401	401	401		
Street Tree and Parkway Maintenance Program											
	Trees trimmed by contracted forces (#)	36,036	33,850	23,142	14,847	19,607	12,720	11,240	23,181		

CITY OF LOS ANGELES

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Health and Sanitation

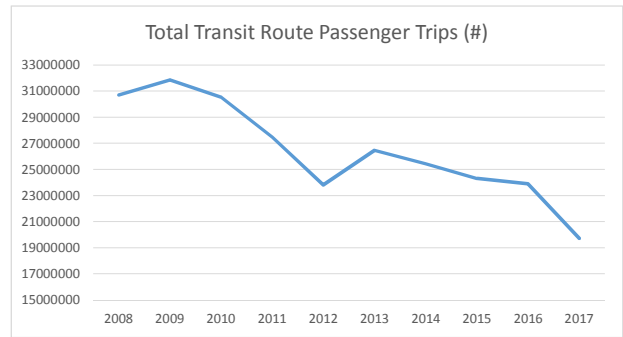
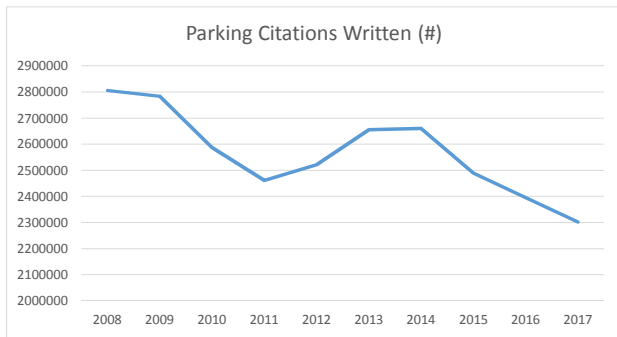


Department/Program	Indicator	Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sanitation											
Household Refuse Collection Program											
	Tons Collected - Bulky items (# of tons)	91,224	60,101	46,416	33,720	34,000	27,640	32,479	33,330	33,146	33,146
	Tons Collected - Recyclables (# of tons)	224,796	216,542	209,924	198,143	150,380	143,338	148,194	141,314	170,000	206,369
	Tons Collected - Refuse (# of tons)	953,670	907,611	873,104	852,635	848,890	851,434	882,005	867,113	1,034,429	1,034,429
	Tons Collected - Yard trimmings (# of tons)	417,354	417,325	425,070	428,237	522,737	470,527	492,341	474,657	555,049	545,467
Solid Resources											
	Convert refuse collection fleet to clean fuels (%)	80	78	78	76	78	74	71	66	61	44
Watershed Protection											
	Catch basin cleaning (#)	91,021	114,699	73,772	65,492	65,000	69,772	63,070	87,051	115,000	112,300

CITY OF LOS ANGELES

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Transportation

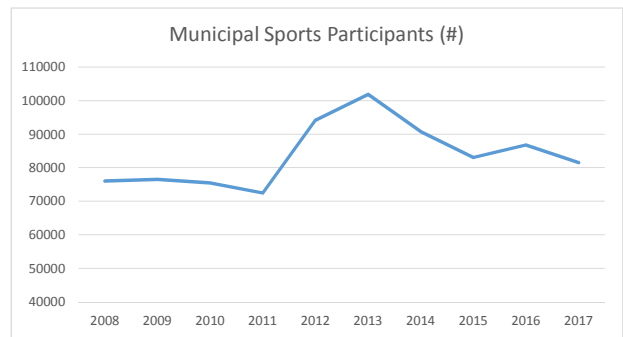
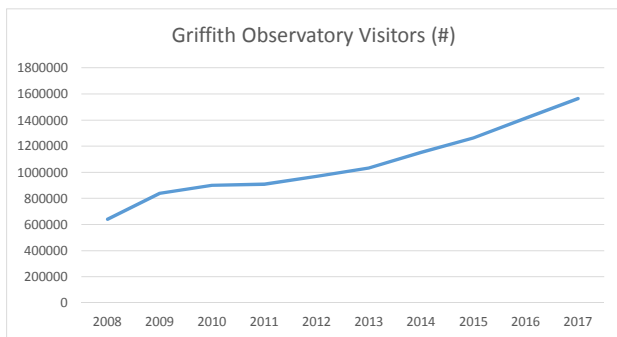


Department/Program	Indicator	Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Transportation											
Parking Management and Intersection Control											
	Citations written (#)	2,302,206	2,395,778	2,489,390	2,659,718	2,654,910	2,522,302	2,461,529	2,587,925	2,784,351	2,806,712
	Crossing guard assignments (#)	529	523	524	507	492	492	486	486	486	486
	Hours of intersection control (#)	32,400	25,997	25,997	23,490	23,730	30,370	27,622	42,842	72,618	90,478
	Peak hour tows and other tows (#)	32,647	31,245	49,910	39,999	45,921	48,648	41,244	44,334	55,057	54,231
Traffic Control Devices											
	New signals (Traffic and Pedestrian) installed (#)	19	31	11	19	32	105	--	--	--	--
	Traffic signals repaired (#)	725	766	10,797	8,832	8,769	8,832	--	--	--	--
Transit Capital Programming											
	Active traffic congestion relief projects (#)	62	96	81	79	84	78	59	45	58	43
	Increase in bicycle lane miles (# of miles)	12	9	23	41	101	51	17	10	7	4
Transit Operations											
	Total transit vehicle passenger trips (#)	19,741,533	23,895,017	24,306,283	25,453,959	26,467,594	23,824,821	27,466,279	30,535,921	31,860,898	30,724,278
Transportation System Operations											
	Red curb miles reinstalled/installed (#)	295	362	334	372	392	470	466	540	611	523
	Signs maintained/replaced (#)	46,189	52,422	49,029	7,812	43,728	66,556	63,019	89,415	108,032	96,885
	Temporary signs installed/removed (#)	726,200	646,724	365,068	436,589	471,376	423,759	414,268	347,990	365,389	383,005
	Thermoplastic longline striping installed/reinstalled (# of miles)	963	1,326	137	61	151	925	540	632	617	717

CITY OF LOS ANGELES

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Cultural and Recreational Services

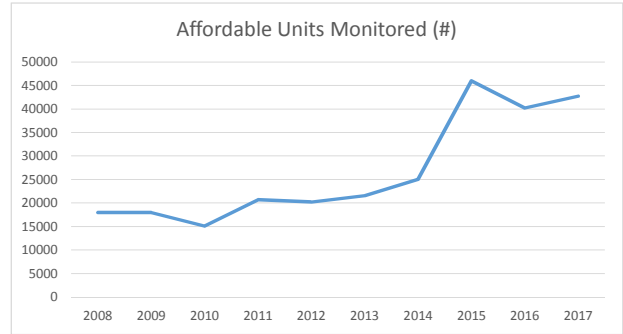
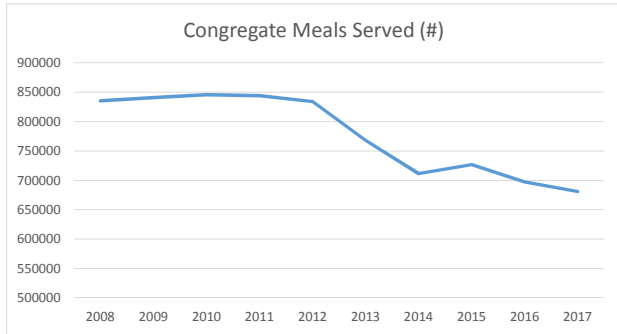


Department/Program	Indicator	Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Convention Center											
Convention and Tourism Development											
Citywide conventions and center events (#)		32	29	25	23	24	23	22	13	19	--
Delegates attending Citywide conventions (#)		503,036	496,886	320,900	299,274	215,800	291,700	363,000	167,160	--	--
Exhibit hall events hosted (#)		153	167	156	126	140	137	149	161	161	180
Cultural Affairs											
City Arts											
Art class enrollment (#)		182,078	121,356	212,506	15,000	14,000	13,500	13,000	15,000	16,850	--
Theater attendance (#)		112,200	68,129	91,166	150,000	140,000	128,625	115,000	121,014	120,000	--
Community Arts											
Art exhibitions presented (#)		692	655	1,082	65	60	52	27	46	52	70
Special events/festivals (#)		133	118	142	20	17	15	18	30	33	104
Performing Arts											
Music/theatre programs presented (#)		751	505	759	--	--	--	--	--	--	--
El Pueblo											
Events											
Cultural and special events (#) (6)		152	137	73	119	--	--	--	--	--	--
History and Museums											
Museum visitors (#) (6)		656,322	582,623	627,301	588,517	--	--	--	--	--	--
Library											
Public Library Services											
Attendance level for cultural programming (#)		417,831	368,339	371,810	355,211	531,498	332,937	301,387	283,000	282,380	279,560
Items circulated (#)		16,276,897	16,353,158	15,800,499	15,086,605	14,983,679	15,337,032	15,144,804	16,524,292	15,925,000	15,900,000
Number of people visiting library facilities (#)		13,145,751	13,504,301	14,093,505	14,584,162	14,096,741	13,821,289	12,673,629	16,041,407	16,400,000	16,100,000
Registered borrowers (#)		1,665,288	1,411,764	1,236,890	1,148,250	1,099,165	1,076,578	1,231,764	1,368,354	1,475,000	1,445,000
Recreation and Parks											
Advance Planning											
New parks opened to the public (#)		5	8	7	10	8	16	--	--	--	--
Educational Exhibits											
Observatory attendance (#)		1,565,700	1,417,282	1,264,376	1,155,104	1,033,429	969,479	909,668	902,489	840,151	641,000
Expo Center											
Number of visitors to the Expo Center (#)		675,291	877,374	489,257	448,860	889,000	819,000	--	--	--	--
Museums and Educational											
Visitors to museums (excluding Griffith Observatory) (#)		535,255	585,230	472,044	429,085	310,000	325,000	--	--	--	--
Recreational Opportunities											
Aquatics - Attendance for recreational swim (#)		2,430,377	2,962,513	2,648,817	2,951,899	3,255,404	2,696,366	2,635,207	3,296,327	2,811,807	2,849,338
Camps - Camper days (# of days)		70,654	65,283	66,626	62,427	55,624	56,204	18,900	34,060	39,513	52,000
Municipal Sports - Team sports participants (#)		81,572	86,806	83,045	90,815	101,916	94,141	72,502	75,500	76,543	76,000
Zoo											
Admissions											
Attendance (#)		1,743,795	1,784,786	1,752,279	1,550,343	1,506,274	1,660,450	1,543,232	1,459,080	1,556,162	1,602,171

CITY OF LOS ANGELES

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Community Development



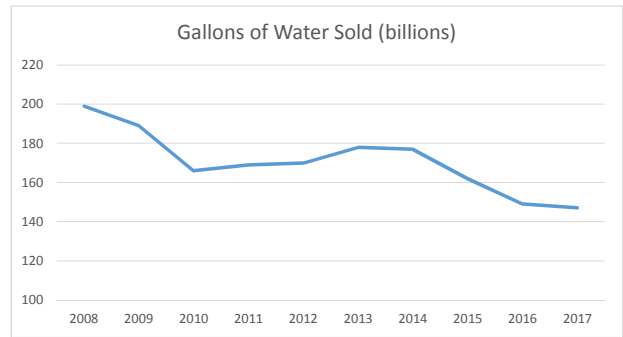
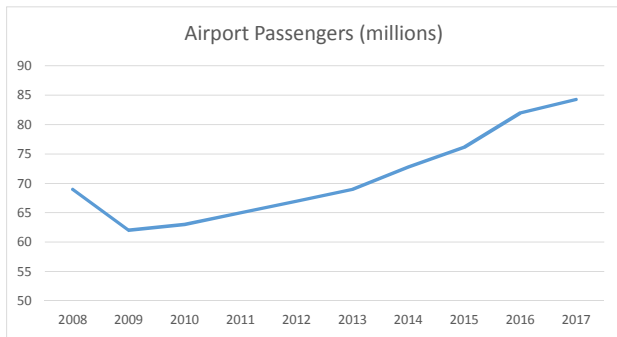
Department/Program	Indicator	Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Aging											
Family Caregiver Services	Community education participants (#)	2,652	2,486	3,327	8,490	7,682	14,820	13,026	13,412	12,012	2,668
Senior Social Services	Congregate meals served (#)	681,524	697,731	726,865	711,895	768,560	834,063	844,074	845,797	840,605	835,229
	Homebound meals served (#)	725,079	737,100	740,713	755,480	768,536	756,462	781,553	809,649	791,422	817,630
	Prop A - One-way transportation trips (#)	123,253	130,229	132,101	131,269	129,354	128,300	134,412	135,057	134,849	142,152
City Planning											
Community Planning	Community Plans Less Than 10 Years Old (#)	7	5	2	2	3	4	--	--	--	--
Geographic Project Planning	Cases Completed (#)	3,558	2,397	2,133	1,774	1,549	1,432	--	--	--	--
Major Projects	Entitlement Cases Requiring and EIR (#)	20	11	9							
Disability											
ADA Compliance	Sign language and captioning requests processed (#)	94	389	397	245	342	294	--	--	--	--
AIDS Coordination	HIV tests/referrals provided (#)	10,000				10,000	10,840	--	3,000	2,500	2,400
	Individuals serviced by Prevention Program (#)	25,000	27,528	25,569	46,877	--	--	--	--	--	--
	Syringes removed (# in millions)	1	1	1	1	1	1	--	--	--	--
Economic and Workforce Development											
Economic Development	Businesses established by Business Source (#)	324	291	205	221	231	64	182	--	--	--
	New jobs created through business source and lending (#)	1,364	1,039	2,000	331	--	--	--	--	--	--
Workforce Development	HireLA Youth placed in employment (#)	15,500	15,070	11,382	10,256	--	--	--	--	--	--
	Job training enrollments for adults/dislocated workers (#)	32,075	34,946	22,302	3,900	4,695	4,218	6,237	--	--	--
Housing a											
Code Enforcement	Multi-family unit inspected every 4 years (#)	720,000	742,523	720,000	180,000	179,728	189,771	180,000	183,741	183,741	--
	Periodic unit inspections (#)	177,795	169,568	164,655	165,928	180,484	178,160	176,908	189,611	180,776	192,316
Compliance Monitoring	Affordable units monitored (#)	42,757	40,218	46,041	25,061	21,578	20,226	20,684	15,121	18,000	18,000
Finance & Development	New funded transit oriented development housing units (#)	459	585	526	828	--	--	--	--	--	--
Homeownership and Preservation	Housing units made lead safe (#)	86	61	84	114	121	195	41	80	138	135
Housing Preservation and Production	Low income units financed under the Homeownership Pgm (#)	44	81	88	91	--	--	--	--	57	133
Rent	Complaints resolved within 120 days (%)	78	79	89	88	--	--	--	--	--	--
	Rent adjustments processed (#)	559	405	476	381	--	--	--	--	550	525
	Rental units registered (#)	528,716	527,732	528,395	530,894	529,106	531,603	531,999	532,691	518,000	518,000
	Tenant complaints processed (#)	7,661	6,897	6,248	5,874	5,780	5,426	6,408	5,632	8,900	8,100
Strategic Planning & Policy Development	Housing unit at risk of losing affordability restrictions contacts (#)	1,364	3,441	842	344	--	--	--	--	--	--



CITY OF LOS ANGELES

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Business-Type Activities



Department/Program	Indicator	Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Airports</b>											
	Air cargo (# in thousand tons)	2,508	2,655	2,588	2,393	2,400	2,366	2,296	2,242	2,018	2,519
	Aircraft movements (# in thousands)	956	970	944	974	939	976	989	1,025	1,049	1,249
	Passengers (# in millions)	84	82	76	73	69	67	65	63	62	69
<b>Harbor</b>											
	Containerized cargo volume (# in millions of TEUs)	9	8	8	8	8	8	8	7	8	8
	Cruise passengers (#)	1,014,628	676,644	578,902	541,418	355,875	515,827	667,434	802,899	990,965	1,191,449
	Inbound tonnage (# in millions tons)	106	106	103	99	93	98	94	88	94	105
	Outbound tonnage (# in millions tons)	92	79	75	74	72	75	68	67	66	65
	Vessel arrivals (#)	2,060	2,014	1,846	2,196	2,089	2,100	2,236	2,124	2,322	2,467
<b>Power</b>											
	Cumulative Feed in Tariff (FIT) installations (# of kilowatts)	36,200	14,636	7,532	800	--	--	--	--	--	--
	Customers (# in thousands)	1,507	1,499	1,493	1,503	1,479	1,471	1,461	1,447	1,452	1,446
	Energy production (# of kwh in billions)	26	27	27	27	27	28	27	28	29	29
	Megawatt hours of power from energy efficiency (# of Mwh)	475,076	412,191	1,481,336	1,453,801	--	--	--	--	--	--
	Kilowatt hours sold (# of hours in billions)	24	25	25	26	26	25	25	26	25	26
	Power poles replaced, installed and reinforced (#)	2,656	2,436	2,393	1,599	1,135	1,813	2,211	3,113	2,745	--
	Solar Incentive Program (SIP) cumulative capacity (# of kilowatts)	221,798	176,330	135,620	108,466	79,605	55,099	36,181	22,663	17,248	12,549
	Solar Incentive Program (SIP) installed capacity (# of kilowatts)	44,599	40,710	27,250	28,861	24,505	18,919	13,518	4,650	4,699	2,078
	System Average Interruption Duration Index - SAIDI (# of minutes per customer)	162	125	85	62	72	190	115	121	78	122
	System Average Interruption Frequency Index - SAIFI (# of interruptions per customer)	0.96	0.91	0.70	0.48	0.48	0.90	0.80	0.84	0.69	0.79
<b>Wastewater</b>											
	Wastewater treated (Volume in MGD)	317	314	327	344	398	398	384	393	451	
	Water recycled (Volume in MGD)	122	97	97	85	72	62	68	81	78	
	WCSD sewer cleaning - miles of sewers cleaned (#)	6,830	7,127	6,928	6,614	6,750	6,750	6,093	5,903	5,000	4,981
<b>Water</b>											
	DWP water sourced from local groundwater (%)	10	16	18	12	10	11	9	14	10	11
	Recycled water use (# of acre feet)	8,030	9,910	10,097	10,536	7,480	6,953	--	--	--	--
	Cumulative miles of water main replaced (# of miles)	242	207	174	154	131	102	85	63	47	29
	Customers (# in thousands)	680	678	676	679	676	674	667	659	666	666
	Gallons sold (billions of gallons)	147	149	162	177	178	170	169	166	189	199
	Per capita water use	102	104	114	123	131	123	122	125	141	
	Water main breaks (# of breaks)	1,390	1,547	1,241	1,146	1,148	1,319	1,237	1,453	1,422	1,363
	Water purchased from MWD (% of total water supply)	45	71	71	76	69	39	31	48	71	65

**CITY OF LOS ANGELES**

**Capital Assets Information  
Governmental Activities  
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2017	2016	2015	2014	2013
General Government					
Fiber optic cabling (fiber miles) <sup>(1)</sup>	150	150	150	150	150
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire apparatus <sup>(4)</sup>	381	380	377	367	367
Fire stations	106	106	106	106	106
Patrol units	1,347	1,345	1,374	1,374	1,374
Police stations	29	29	28	28	29
Police training centers	3	3	3	3	3
Public Works					
Bridges	515	515	517	517	514
Street lights	219,000	220,000	210,662	209,397	207,384
Streets (centerline miles)	6,500	6,500	6,500	6,500	6,500
Health and Sanitation					
Refuse collection trucks	709	697	698	701	750
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	68	68	57	50	48
Bike paths (miles)	14	14	14	14	14
Commuter buses	390	399	387	385	371
Traffic signals	4,703	4,697	4,683	4,677	4,657
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land including beaches	15,766	16,152	16,152	16,149	16,001
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	256	256	256	256	256
Children's play areas	387	387	387	387	383
Dog parks	9	9	9	9	9
Golf courses	13	13	13	13	13
Hiking trails (miles)	92	92	92	92	92
Historical sites	11	11	11	11	11
Horticulture centers	6	6	6	6	6
Indoor gyms	95	95	95	95	95
Lakes	13	13	13	13	13
Libraries	73	73	73	73	73
Licensed child-care centers	2	2	3	2	2
Museums	12	12	12	12	12
Park sites	490	444	444	442	435
Pools	62	62	62	62	62
Recreational centers	184	184	184	184	184
Regional parks	5	5	5	5	5
Residential camps	9	9	9	9	9
Senior citizen centers	35	30	31	35	31
Skate parks	26	26	26	28	21
Tennis courts	321	321	321	321	321
Therapeutic centers	--	--	--	--	--
Wedding sites	19	19	19	19	19

**CITY OF LOS ANGELES**

**Capital Assets Information  
Governmental Activities  
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2012	2011	2010	2009	2008
General Government					
Fiber optic cabling (fiber miles) <sup>(1)</sup>	150	150	150	3,426	9,876
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire apparatus <sup>(4)</sup>	337	336	362	362	360
Fire stations	106	106	106	106	105
Patrol units	1,374	1,374	1,374	1,374	1,374
Police stations	29	29	28	26	25
Police training centers	3	3	3	3	3
Public Works					
Bridges	508	508	508	509	507
Street lights	206,757	204,750	204,000	207,000	206,000
Streets (centerline miles)	6,500	6,500	6,500	6,500	6,500
Health and Sanitation					
Refuse collection trucks	750	732	742	744	744
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	48	48	48	48	46
Bike paths (miles)	13	13	13	12	12
Commuter buses	361	407	450	468	440
Traffic signals	4,625	4,607	4,589	4,530	4,515
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land including beaches	15,865	15,717	15,717	15,786	15,710
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	256	256	256	256	256
Children's play areas	368	368	368	368	368
Dog parks	9	9	9	9	9
Golf courses	13	13	13	13	13
Hiking trails (miles)	92	92	92	92	92
Historical sites	11	11	11	11	11
Horticulture centers	6	6	6	6	6
Indoor gyms	95	95	95	95	95
Lakes	11	11	11	11	11
Libraries	73	73	73	72	72
Licensed child-care centers	2	2	2	26	26
Museums	12	12	12	12	12
Park sites	427	427	427	417	404
Pools	61	61	61	60	60
Recreational centers	184	184	184	183	183
Regional parks	5	5	5	5	5
Residential camps	7	7	7	7	7
Senior citizen centers	31	31	31	31	31
Skate parks	18	9	9	9	9
Tennis courts	321	321	321	321	321
Therapeutic centers	--	--	3	3	3
Wedding sites	19	12	12	12	12

**CITY OF LOS ANGELES**

**Capital Assets Information  
Business-Type Activities  
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2017	2016	2015	2014	2013
Airports					
Number of airports <sup>(2)</sup>	2	3	3	3	3
Harbor					
Number of cargo terminals	23	23	23	23	24
Number of major container terminals	8	8	8	8	8
Power					
Generating units <sup>(3)</sup>	245	245	241	242	242
Overhead distribution lines (miles)	10,329	10,300	10,288	10,213	10,220
Transmission lines (miles)	3,632	3,632	3,632	3,632	3,632
Underground distribution lines (miles)	3,693	3,680	3,677	3,608	3,561
Wastewater					
Sanitary sewers (miles)	6,700	6,700	6,700	6,700	6,700
Storm drain pipe mainline (miles)	1,293	1,272	1,260	1,260	1,244
Water					
Aqueduct (miles)	472	472	472	472	472
Distribution pipe (miles)	7,315	7,288	7,270	7,263	7,246
Number of storage reservoirs and tanks	118	120	120	114	114
Service connections	690,728	729,680	704,176	696,989	702,485

**CITY OF LOS ANGELES**

**Capital Assets Information  
Business-Type Activities  
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2012	2011	2010	2009	2008
Airports					
Number of airports <sup>(2)</sup>	4	4	4	4	4
Harbor					
Number of cargo terminals	24	24	24	25	25
Number of major container terminals	8	8	8	8	8
Power					
Generating units <sup>(3)</sup>	235	235	51	50	51
Overhead distribution lines (miles)	10,220	10,186	10,140	8,782	6,947
Transmission lines (miles)	3,626	3,626	3,631	3,631	3,643
Underground distribution lines (miles)	3,594	3,547	3,505	3,235	6,095
Wastewater					
Sanitary sewers (miles)	6,700	6,700	6,500	6,500	6,550
Storm drain pipe mainline (miles)	1,200	1,200	1,200	1,200	1,200
Water					
Aqueduct (miles)	472	472	390	367	367
Distribution pipe (miles)	7,225	7,221	7,273	7,248	7,227
Number of storage reservoirs and tanks	114	114	106	114	104
Service connections	701,644	719,154	718,511	716,919	715,430

<sup>(1)</sup> By fiscal year 2010, DWP took over possession, management and control over majority of the assets.

<sup>(2)</sup> Airports operates LAX, ONT, and VNY.

<sup>(3)</sup> Data changed to Department-owned generating units beginning fiscal year 2007. The increase in generating units is due to renewables.

<sup>(4)</sup> "Fire trucks" renamed to "fire apparatus."

Source: City departments

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